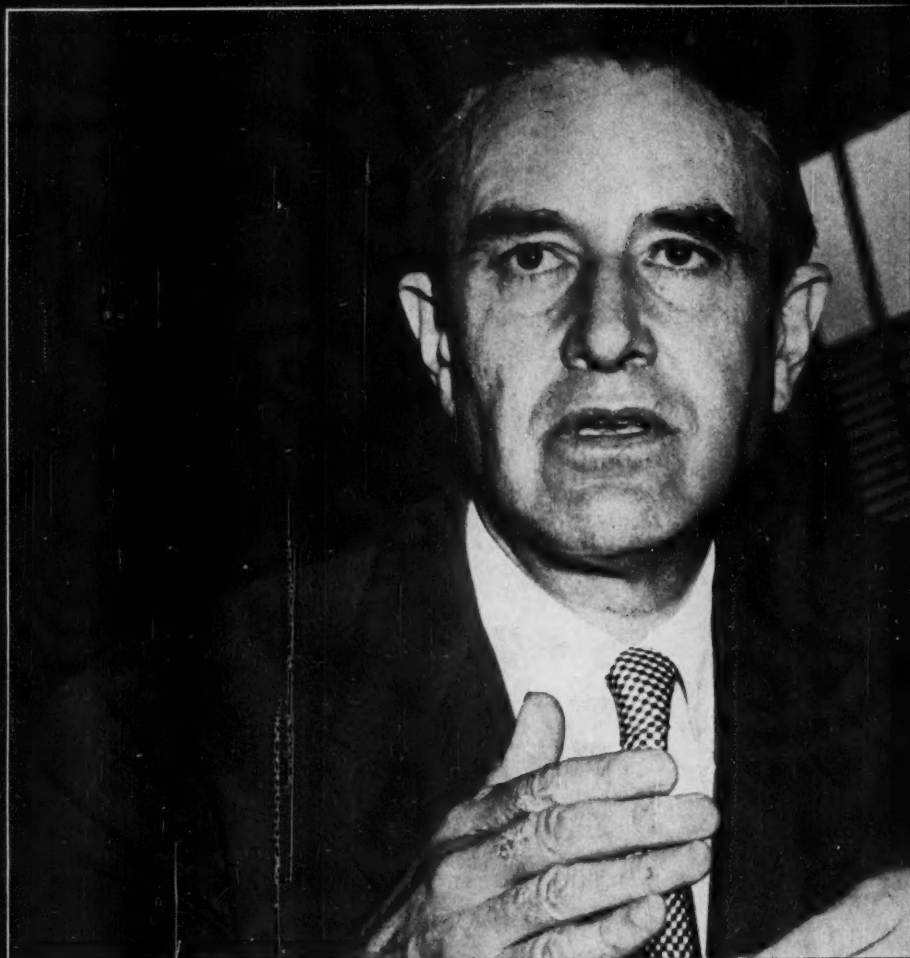
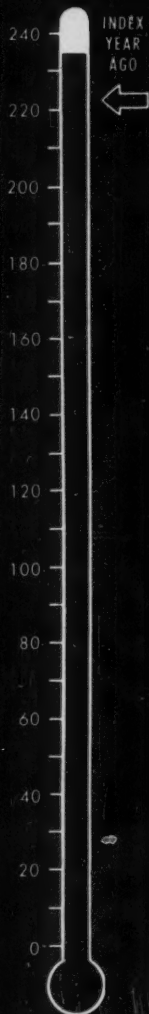


# BUSINESS WEEK

DOING BUSINESS WITH  
**Cloak & Dagger**  
PAGE 117



**W. Averell Harriman: Another hot spot cooled? (page 21)**

A MCGRAW HILL PUBLICATION

**AUG. 4, 1951**

TWENTY-FIVE CENTS



# Chemical Progress

News of developments from General Electric's Chemical Division that can be important to your business.



*This picture shows how a corrosive poured on a metal section coated with R-108 (to right) doesn't affect the surface! Untreated section (to left) is badly scarred. Tests also show that R-108 imparts unusual toughness, adhesion and heat resistance to metal finishes.*

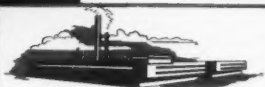
**You can obtain** a complete technical report on R-108 by writing to: Chemical Division, General Electric Company, Pittsfield 14, Mass.

## SAVE SCARCE METALS WITH NEW G-E COATING INTERMEDIATE

Here's a new and versatile product of General Electric's program of chemical research. It's R-108, a coating intermediate that provides exceptional resistance properties to industrial finishes.

Finishes formulated with R-108 are highly resistant to chemical corrosives. Their use extends the life of steel shipping containers like tank cars and drums. Ordinary steel chemical processing and manufacturing equipment, coated with finishes containing R-108, can often be substituted for expensive and hard-to-get alloys.

Coatings made with R-108 are mar-resistant, adhere well to metals, glass, wood and plastics, and fit in easily with standard techniques for applying and baking.



## G-E PLASTICS FOR DEFENSE

General Electric chemical products are already being used in many important defense applications. Among the numerous products and services offered are new, expanded molding facilities which enable G.E. to mass-produce low-cost plastics parts quickly and efficiently. Injection machines range in size from 1½ to 208 ounces; compression and transfer equipment, from 3 to 36 inches. G-E chemical plants are located at Pittsfield, Mass.; Schenectady, N. Y.; Waterford, N. Y.; Coshocton, Ohio; Decatur, Ill.; Taunton, Mass.; and Anaheim, Cal.

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**AIR RAID WARNING SYSTEM**—The Bell System is providing nationwide communication facilities for defense at the request of military authorities. The photograph shows aircraft movements being mapped in a Civilian Defense "filter" center, as reports from strategic observation posts are received by telephone.

## ***The Telephone Is a Vital Link in Civilian Defense***

The Nation's air raid warning system is just one of many ways in which the Bell System is spending millions of dollars to help make this country strong and safe. Civilian Defense is based on quick communications and the telephone is a vital, indispensable link in it.

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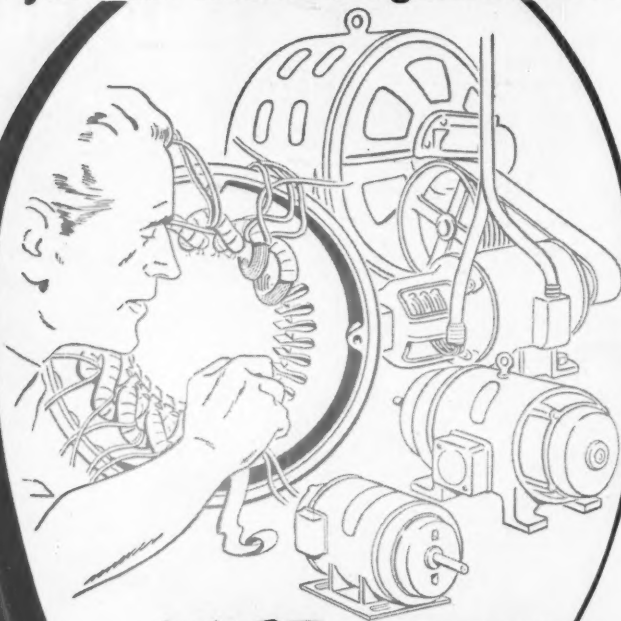
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BUSINESS WEEK • Aug. 4, 1951



## What's unusual about U. S. Rubber's new plastic coating?

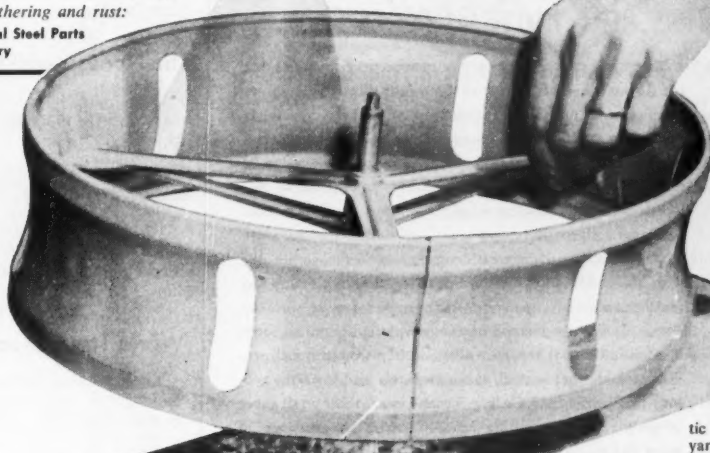
For one thing, this new coating, called *U.S. Royalguard Protective Coating*, has very high film flexibility and adhesion. It protects:

*Against attack by splash, drip, and spray from corrosive chemicals:*

- Chemical Processing Equipment
- Tanks
- Tank Cars
- Pipes
- Fittings

*Against weathering and rust:*

- Structural Steel Parts
- Machinery



**U.S. ROYALGUARD** plastic coating being applied to yarn-carrying wheels used by textile industry. It is air-drying...no baking or other special treatment is required to produce a tough, flexible, highly corrosion-resistant film.

Royalguard is a one-coat system...no primer is required. It will find its broadest use in chemical processing, rayon and cellophane production, photo finishing, pulp and paper manufacturing, sewage disposal, filtering, electroplating and in mining. Write to address below.



**SAMPLE PLATE** coated with Royalguard is bent in vice to demonstrate its high film flexibility and high adhesion. It can be used on steel, aluminum, concrete, hardwood or composition board.

PRODUCT OF



**UNITED STATES RUBBER COMPANY**

MECHANICAL GOODS DIVISION, ROCKEFELLER CENTER, NEW YORK 20, N. Y.



Shown above is a facsimile of a new piece of literature that you'll want to see, Mr. Executive. Colorfully illustrated, it shows that fire protection with "Automatic 400" Ceiling Sprinklers now meets the demand of discriminating building owners and tenants. Actual installation photographs prove the value of the "Automatic 400" as an inconspicuous sprinkler head that blends well with building interiors of either modern or conventional design.

The beauty of architectural design that is now made possible with "Automatic 400" Ceiling Sprinklers does not in any way interfere with the operating effectiveness of your sprinkler system. In fact, the method of waterway design permits a better distribution than is generally obtained from conventional pendant sprinkler heads. And, although barely visible on the ceiling, "Automatic 400" Ceiling Sprinklers are ready at all times to give quick, dependable action. They're an assurance of safety to life . . . safety to property . . . and savings in money, wherever installed.

Send for your copy of Bulletin 67 today. For convenience, use the coupon below.

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## In BUSINESS this WEEK . . .

### Among Stores That Sell Most . . .

. . . it's the food outlets that are growing fastest. A look at the country's top 20 retailers. P. 42

### The Scotch Quit Texas

• Why Britain is selling one of its last big land holdings in the West. P. 56

### Refurnished—for Trucks

• The last 10 years have brought a lot of changes in the design and equipment of motor freight terminals. P. 70

### If Hair Turns Green . . .

. . . call your insurance company. How its safety experts are helping make plants safer places to work. P. 74

### The Nonessential Carousel

• What the king of merry-go-round makers did when mobilization cut back its supplies. P. 88

### Easier Payments

• The rising cost of borrowing money has finally stopped rising. What bond market experts think will happen now. P. 96

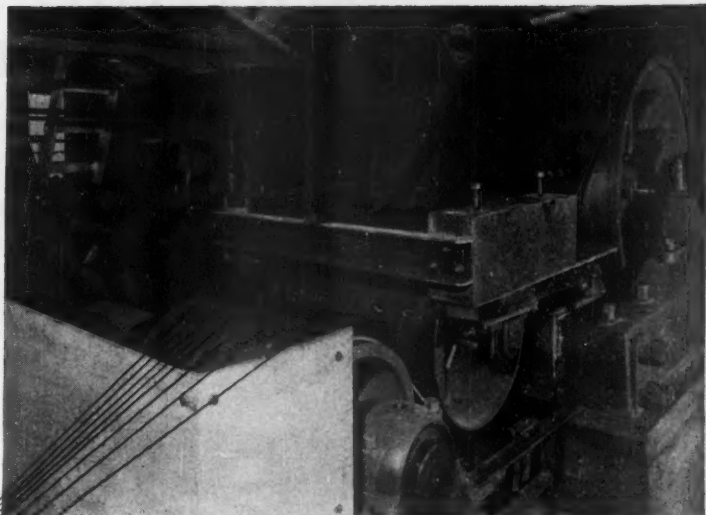
### World Troublespot

• The upheaval in the Middle East has endangered all foreign investments. But the U. S. has a plan. P. 117

## THE DEPARTMENTS

Books . . . . .	65
Business Abroad . . . . .	117
Business Outlook . . . . .	9
Defense Business . . . . .	106
Figures of the Week . . . . .	13, 92
Finance . . . . .	96
International Outlook . . . . .	115
Investment . . . . .	56
Labor . . . . .	30
Manufacturing . . . . .	50
Marketing . . . . .	42
The Markets . . . . .	104
New Products . . . . .	84
Production . . . . .	74
Public Works . . . . .	52
Small Business . . . . .	88
Transportation . . . . .	68
The Trend . . . . .	124
Washington Outlook . . . . .	15

Ruggedness of belts reinforced with "Cordura" rayon yarn is demonstrated by this giant chipper belt. As the chipper chews up huge logs, the belt takes repeated violent shocks. Belting reinforced with "Cordura" rayon lasts longer in this punishing service ... yet costs no more.



## 5 times the expected service life from this belt

### BECAUSE IT'S REINFORCED WITH "CORDURA" RAYON

They gave this belt eight months to live. It turns a giant machine that grinds big logs to tiny chips. Experience with ordinary belts in installations of this kind led engineers to believe the belt might fail in eight months or less. But it's already been in service more than three years ... is still going strong.

What's different about this belt? Only one thing. It's reinforced with Du Pont Cordura\* High Tenacity Rayon yarn. This yarn is inherently stronger than yarns of natural fibers commonly used ... is made of continuous filaments with no short ends to pull apart under strain or shock load.

Moreover because the number of fibers and the diameter of each fiber are precisely controlled, there are no weak spots in "Cordura" yarn. It gives a drive belt exceptional strength, and makes it less subject to fatigue.

Wherever you use yarns or cordage in your business, there's a possibility the extra strength and dimensional stability of "Cordura" rayon can help you improve your product or process ... *without increasing cost.*

REG. U. S. PAT. OFF.

Du Pont *"Cordura"* High Tenacity Rayon  
STRENGTH AT LOW COST



VISCOSE RAYON  
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ORLON\* acrylic fiber  
ACELE\* acetate rayon  
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fiber

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SEND FOR FREE BOOKLET "Sinews for Industry." It gives physical properties of "Cordura" and tells how Du Pont will help you. Address: Rayon Division, Room 4421, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

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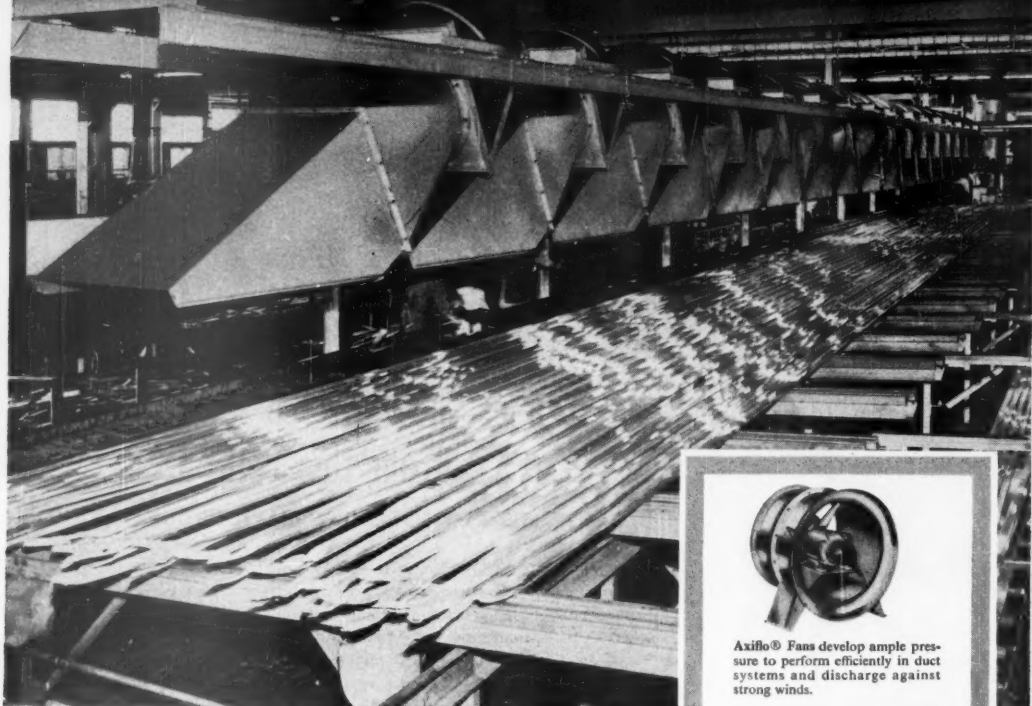


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... THROUGH CHEMISTRY

for fibers today ... for fibers to come ... look to Du Pont

PUTTING *Air* TO WORK FOR ALCOA



## BIG BREEZE SOAKS UP 300° IN A HURRY

These 100-foot strips of structural aluminum are getting an air bath that sponges off 300° F. . . but fast. A concentrated blast of air quenches the hot shapes leaving the forming mold . . . cools continuously for over 100 feet as they move down the line.

Mounted overhead are 17 Sturtevant Axial Flow Fans, delivering quenching air that helps maintain mechanical properties in the aluminum through quick, even cooling. These large ca-

capacity fans supply a steady stream of cooling air at high efficiency. Result: a uniform product for ALCOA.

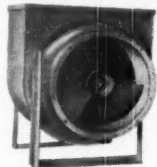
There's Westinghouse equipment ready to help you *put air to work* too . . . whether it's with air handling, air conditioning, or electronic air cleaning. Call your local Westinghouse-Sturtevant office for full details, or write Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Massachusetts.

YOU CAN BE SURE...IF IT'S  
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J-80226



Axiflo® Fans develop ample pressure to perform efficiently in duct systems and discharge against strong winds.



In Elbow Axiflo Fans, motors, belts and bearings are located outside the air stream, an advantage in handling corrosive fumes.



Silentvane® Centrifugal General Purpose Fans move air efficiently and quietly for many industrial and commercial applications.



# BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 4, 1951

A

BUSINESS

WEEK

SERVICE

Inflation controls—harsh or mild—mean little to the economy for the moment.

This just isn't an inflationary period. Goods are plentiful. Many people have loaded themselves up. Prices are soft, do not spur buying.

Thus, short range, the bill President Truman signed into law this week is important mostly as it regulates materials and production (page 106).

•  
Changes in mortgage and instalment buying terms, as written by Congress, are dangerous because they hamstring future action.

There's some question whether the old Federal Reserve curbs had cut into the sale of autos, homes, TV, appliances, and furniture very much lately. Wasn't demand just about satisfied, anyhow?

Until something comes along to rekindle demand, terms mean little. But, when that something appears, the Fed should have the power to cope with it.

•  
Widespread predictions that there won't be any future need for inflation controls almost certainly are shortsighted—or simply biased. Another six months will change the supply picture.

When arms output hits full stride, civilians will feel it.

Right now, with consumer goods backing up, that's a little hard to believe. But that attitude leans too far in one direction, just as we were leaning too far in the other a year ago.

•  
Here's the arithmetic of shortages: About 85% of the steel supply is set aside for defense and defense-supporting lines. Of course, "defense and defense supporting" include just about everything except autos and appliances. But the auto industry alone can use much more than the 15% remainder.

•  
Demand for metals right now is below the "natural" level.

That's because consumer buying of so many types of durable goods is down, forcing manufacturers to cut output.

TV set production dropped by nearly half from the first quarter to the second this year; June was 35% below a year ago.

Radio sets slipped 10% from the first quarter to the second; June was about 27% behind the same month last year.

Household washer sales by factories ran 22% under a year ago in June. Ironers held even, though, and automatic driers nearly doubled.

•  
Copper producers are complaining much less about CMP snarls than the steel people. They expected copper to be a mess—and it is.

But they are worrying less about allocations right now than the strike in Utah that is cutting domestic output sharply (BW-Jul.28'51,p38).

•  
CMP is performing imperfectly. In theory, if you control the use of steel, aluminum, and copper, everything else will come out even.

So far, though, things aren't going so smoothly as during World War II. Already it has been found necessary to set up quotas outside CMP for zinc and lead. This naturally complicates things.

But imports will help soon. Giving smelters higher prices on copper, lead, and zinc refined from foreign ores is designed to boost imports.

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**AUGUST 4, 1951**

Comparisons with a year ago will be less spectacular from now on. This is true for most companies—except those in the particularly favored fields (like chemicals)—and for general business indexes.

The main reason is that business rose so fast late in 1950. But another factor is the lull—or dip—in activity now.

Declines in consumer goods output finally are outweighing the boom in capital equipment.

At least, that's what the Federal Reserve Board has decided on the basis of a quick check. The board expects its July index of industrial production to dip to around 215 from the May-June peak of 223.

That, the board explains, would be more seasonal.

Electric power is one indicator that can't be talked into any slump.

Output of electricity, with summer's long days, normally drags bottom at this time of year. In the face of that, the last full week in July comes up with the second-highest total on record.

Steadily spreading use of air conditioning is one obvious answer. And, of course, more and larger home refrigerators are installed each year.

Crops are being harvested, and it's customary at harvest time for bank loans to rise to finance marketings.

So far, though, the reverse has been true this year. Apparently business has been liquidating bank debt faster than crops created it.

There will be a new factor entering in any day now, however: This year's huge cotton crop will be starting to market. And with the price only a couple of cents above the support level, much of the new crop is expected to be held off the market under government-guaranteed loans.

This week's modification of curbs on use of cadmium won't help so much as might have been expected.

General civilian use at 60% of the base period will be permitted—up from 40% previously. The catch here is that the relaxation doesn't extend to some of the important plating uses.

And cadmium producers fret as they see zinc sneaking in on them.

Here's another proof that the manpower pinch has by no means reached its peak: Workers' hours per week have been declining since March.

To be sure, almost all of the dip has been in factories turning out soft goods. There has been little change in hard goods plants—where munitions are made.

But that's beside the point. If arms plants had raided soft goods labor, the work week would be rising in soft goods.

Inventories not only set new records month after month. They look bigger and bigger now that factory sales have slumped a bit.

Manufacturers' inventories have risen by \$5½-billion so far this year. That carries them to a staggering \$39.6-billion.

But the value of manufacturers' shipments slipped from \$23.4-billion in January to \$22.6-billion in June. The ratio of inventories to shipments, at 1.5 in January, had risen almost to 1.8 in June.

**Finest printing costs less**  
for Stewart-Warner. . .



...thanks to the revolutionary economy  
of *Consolidated* Enamel Papers

Stewart-Warner's Alemite Division has come a long way since its first high-pressure lubrication system opened the way to modern motor travel thirty years ago. Today, more than 50,000 lubrication outlets are members of Alemite's nationwide dealer network.

Naturally, the rapid and widespread growth of this vast dealer organization has placed ever-increasing demands on Alemite's printed materials. Dealer publications, product literature, and other sales materials now consume tons of fine enamel papers each year.

Fortunately for the budget, Stewart-Warner specifies Consolidated Enamel Papers for many of the enamel printing needs of all divisions. The savings average 15 to 25% of the cost of old style, premium-priced enamels. This is the result of the revolutionary process Consolidated pioneered which produces highest quality enamel paper at lowest cost.

Right now, we're supplying trial sheets to many business concerns and printers for tests of quality with any other papers in use. We'll be glad to include you.

***Consolidated* ENAMEL PAPERS**

CONSOLIDATED WATER POWER & PAPER COMPANY • Makers of Consoweld—decorative and industrial laminates  
Main Offices: Wisconsin Rapids, Wisconsin • Sales Offices: 135 So. La Salle St., Chicago 3, Illinois © C. W. P. & P. Co.



Finest enamel paper quality at lower cost is the direct result of the enameling method which Consolidated pioneered. Operating as a part of the papermaking machine, it eliminates many costly steps still required by other papermakers and produces highest quality paper, simultaneously enameled on both sides, in a single high-speed operation.



## ... contributes to improved production and morale in Nunn-Bush Shoe Plant

BY actual experience with Pittsburgh COLOR DYNAMICS, executives in many plants are finding that color properly "engineered" on machines, walls, floors and ceilings of their plants produces more work per man-hour and more man-hours per man!

● **This new painting system** is based upon the simple fact that the physical, mental and nervous systems of human beings are affected and influenced by the energy in color.

The Milwaukee, Wisconsin, plant of the Nunn-Bush Shoe Company, one of America's foremost shoe manufacturers, is an example of the benefits that result from the use of COLOR DYNAMICS.

● **Three years ago** this plant was repainted according to COLOR DYNAMICS—walls, ceilings, floors and machinery. Focal colors were used on operating parts of machinery and eye-rest colors on stationary parts to en-

able workers to see their tasks better. Walls and ceilings were finished with morale-building colors to provide additional eye-rest areas. Safety colors were used to reduce accident hazards.

● **The benefits** to workers and management since repainting with COLOR DYNAMICS are told by Elmer E. Rexin, Nunn-Bush's Maintenance Superintendent: "Formerly machines were dark gray and the work benches were merely shellacked. Since repainting, we have noticed a decided change in the efficiency of our operations and in the morale of our workers.

"The new color treatment reduced eye fatigue, helped to improve the morale and created a more orderly appearance. Our employees became more conscious of cleanliness and each machine operator made great strides to keep his machine neat and tidy. The new color scheme also received many favorable comments from the many visitors who came to our factory."

### You Can Obtain a COLOR DYNAMICS Engineering Study of Your Plant—FREE!

Your plant may need COLOR DYNAMICS. Why not try this new painting system on a machine or two—or in one department? We'll be glad to make a scientific color engineering study for you FREE and without obligation.

There's a trained color expert at each of our offices located in all principal cities. Call your nearest Pittsburgh Plate Glass Co. branch and arrange to have our COLOR DYNAMICS representative see you at your convenience. Or send the coupon below.

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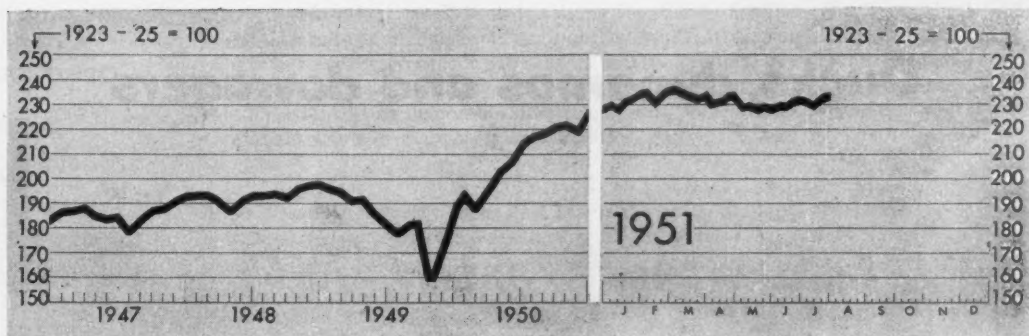
# PITTSBURGH PAINTS

PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY



# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*234.2    †233.9    234.0    220.4    173.1

## PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons).....	2,029	2,027	2,015	1,920	1,281
Production of automobiles and trucks.....	131,462	†131,419	156,105	191,978	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$53,981	\$59,941	\$47,321	\$50,870	\$17,083
Electric power output (millions of kilowatt-hours).....	7,005	6,975	6,898	6,190	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,205	6,166	6,181	5,522	4,751
Bituminous coal production (daily average, thousands of tons).....	1,713	1,623	1,839	1,866	1,745

## TRADE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Miscellaneous and L.e.I. carloadings (daily av., thousands of cars).....	73	75	78	76	82
All other carloadings (daily av., thousands of cars).....	61	†55	61	62	53
Department store sales (change from same week of preceding year).....	-22%	-10%	+6%	+46%	+30%
Business failures (Dun and Bradstreet, number).....	184	133	188	160	217

## PRICES

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	465.3	468.7	485.4	450.0	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100).....	313.5	†314.6	329.0	271.4	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100).....	354.1	†356.4	363.6	355.0	274.7
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	3.837¢	2.686¢
Scrap steel composite (Iron Age, ton).....	\$43.00	\$43.00	\$43.00	\$37.33	\$20.27
Copper (electrolytic, Connecticut Valley; lb.).....	24.500¢	24.500¢	24.500¢	22.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.31	\$2.31	\$2.31	\$2.29	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	36.49¢	37.87¢	45.16¢	38.53¢	30.56¢
Wool tops (Boston, lb.).....	#	#	#	\$2.50	\$1.51

## FINANCE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
90 stocks, price index (Standard & Poor's).....	178.7	175.6	167.5	141.3	135.7
➔ Medium grade corporate bond yield (Baa issues, Moody's).....	3.51%	3.52%	3.55%	3.27%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	24-24½%	24-24½%	24-24½%	14-14½%	3-1%

## BANKING (Millions of dollars)

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Demand deposits adjusted, reporting member banks.....	50,535	49,892	49,916	48,466	††45,210
Total loans and investments, reporting member banks.....	70,114	70,085	70,635	68,028	††71,147
Commercial and agricultural loans, reporting member banks.....	18,946	19,035	19,220	13,911	††9,221
U. S. gov't guaranteed obligations held, reporting member banks.....	30,949	30,739	31,176	35,727	††49,200
Total federal reserve credit outstanding.....	24,063	24,605	23,916	18,636	23,883

## MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Consumer credit outstanding (in millions)..... June.....	\$19,224	\$19,193	\$17,651	\$6,802
Installment credit outstanding (in millions)..... June.....	\$12,925	\$12,906	\$12,105	\$3,025
Manufacturer's inventories (seasonally adjusted, in billions)..... June.....	\$39.8	\$38.9	\$30.0	\$21.3

➔ See page 92.

††Estimate (BW—Jul.12/47,p16).

‡Insufficient trading to establish a price.

†Revised.

\*Preliminary, week ended July 28.  
‡Date for 'Latest Week' on each series on request.

## Ducks, dynamos and dowagers



**RAILROADS** carry them all—products of farm, mine, factory . . . passengers from every walk of life. Practically everything you buy and everybody you meet rides America's railways.

Exide Batteries perform many important duties for the railroads. They supply power for signal and communication systems, Diesel locomotive starting, lighting and air-conditioning passenger cars.

Where dependability is vital, you'll find Exide Batteries. They provide motive power for battery-electric industrial trucks and

# Exide

## BATTERIES

"Exide" Reg. Trade-mark U.S. Pat. Off.

mine haulage units. Many thousands are used by telephone and telegraph companies, radio and TV stations, electric light and power plants, in aircraft and ocean vessels. Exide Batteries supply power for emergency lighting, fire alarm systems, numerous other services. And on millions of cars, trucks, tractors and buses they daily prove that "When it's an Exide, you start."

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**THE ELECTRIC STORAGE BATTERY COMPANY, Philadelphia 2 • Exide Batteries of Canada, Limited, Toronto**

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
AUG. 4, 1951

A  
BUSINESS  
WEEK  
SERVICE

Mobilization boss Wilson is talking tougher to businessmen. From the start, he has complained of a "business as usual" attitude on industry's part. Now he's concerned that it will slow up defense production still more—if and when there's peace in Korea. So he's applying pressure to force some plants still concentrating on civilian lines to convert. Wilson sees this as the way to avoid waste of manpower and facilities.

The auto industry is the first to feel the heat. Its arms orders are substantial (General Motors alone has around \$3-billion).

**Wilson's complaint is this:** The industry is farming out too much of its defense business—putting production outside the Detroit area, even if that means building new plants to handle military orders. Wilson calls this an effort "to leave Detroit for business as usual." He says it will waste manpower and machines as auto output falls.

**What the auto makers should do,** Wilson feels, is convert more Detroit facilities to defense. This would mean pulling out lines that can't be used for auto production, because of material cutbacks, and the installation of defense-producing facilities.

The industry is cool to the idea. It would scramble up facilities and, according to industry spokesmen in Washington, isn't necessary to get the defense job done—unless the program is greatly enlarged. But Washington thinks the industry will go along.

**The "persuasion" Wilson is using is this:** The procurement agencies have been told that in negotiating contracts with Detroit they are to consider how much of the work is to be done in the Detroit area. It amounts to a threat to withhold further defense orders from the auto makers unless they make full use of Detroit manpower and facilities.

Wilson men deny that labor unions forced this stand. Their explanation is that it just doesn't make sense to let skills go idle in Detroit in the midst of the world arms race.

**But the unions have prodded on this.** The CIO United Auto Workers has complained about the prospect of defense unemployment in Detroit. And, of course, the UAW is reluctant to see the auto industry expand outside Detroit, the center of its political power.

Auto output will be off this quarter. Controls permit production of 1.2-million units—65% of the first-half-of-1950 base period. But makers have informed Washington that they can't get the materials for even that.

**There'll be a further cut next quarter.** Permissible production has been set by the Defense Production Administration at 1.1-million units—only 60% of the base period. But in order to hit even that, the industry must import 5% of its steel and substitute aluminum for copper and cables and radiator cores.

Home appliances also will be off in the next quarter. Material cuts limit them to 65% of the first-half-of-1950 base. That means a deepening of the cut from the 70% allowed for the current quarter.

**But no real shortages of finished goods are in sight.** Inventories still are high. And barring a new move by Russia that might set off another

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
AUG. 4, 1951

big buying wave, there'll be no real pinch before early 1952. Easier installment credit might stimulate retail sales, but probably won't bring a buying rush.

**Strikes threaten the freight car program.** Washington has moved in on the Pullman-Standard Car Mfg. Co. dispute. Defense chief Wilson has told federal mediators to try for a quick settlement. Pullman-Standard is producing nearly half of the freight cars, and any prolonged shutdown will mean tougher car shortages later.

**Truman is dodging use of Taft-Hartley injunctions on defense strikes.** Note that the steel workers walkout on American Smelting & Refining (copper) was handed over to the Wage Stabilization Board by Truman (page 32). And the fact-finding board set up to consider the case is headed by Lloyd Garrison, who passed out the "job evaluation plan" raise to Phil Murray in 1944 and later helped to set the first postwar wage round of 18½¢.

**Truman won't insist on more control powers now.** He's dissatisfied with what Congress has given him. But his party leaders in Congress say that he'll hold off on the issue until next January, unless inflation threatens meantime. So Congress now will turn to the three big "musts"—taxes, appropriations, and foreign aid—then try for an October adjournment.

**On taxes, corporations may get a break in the Senate Finance Committee.** Chances are good that the House-approved bill will be rewritten.

**A cut in the regular tax, from the 52% voted in the House to 50%,** has a much better than even chance.

**No change in the excess profits tax is a good bet.** The House bill left the tax rate unchanged, but applied it to income over 75% of the base average. The Senate may keep the present 85% exemption.

**The appropriation logjam continues.** The delay results from the fact that Congress would like to make some slashes, but finds "big government" so complicated that it doesn't know where to start. So it haggles and fights over minor trimmings, such as a limitation on government employees. Sentiment is rising for an expert staff to give Congress its own source of information on spending.

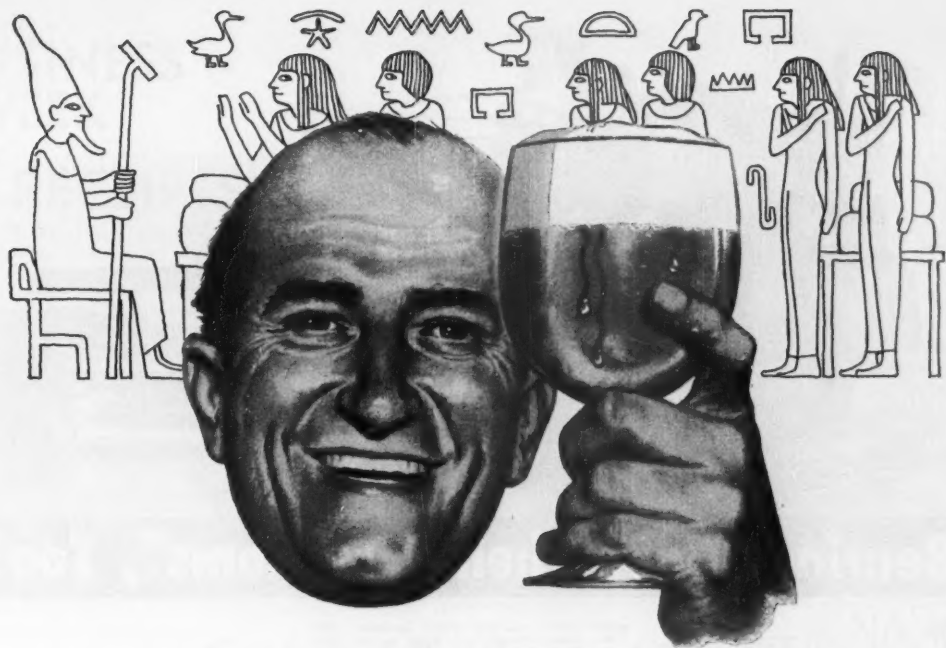
**Foreign aid is heading into a bitter fight.** Whether we should help Europe rearm is not the primary issue. Rather, Congress feels it has been misled.

**Here's the background:** When the war ended, the relief program was devised to put Europe back on its feet. Then came the British loan. That was going to finish the job. Next came the Marshall aid program, followed by a modest start on arms aid. These dribbles total nearly \$35-billion since 1945. And each was to be the last.

**But now comes \$25-billion more, a mixture of arms and economic aid,** spread over the next three years. And the plan is to bring additional countries in on the program—put aid on a really global basis. Congress is beginning to question how long taxpayers will support this subsidy.

It's finding the price of world leadership something of a shock.





## The Brewers uncovered a new wrinkle in an old, old science

**T**HE ancient amber brew, you might call it. Brewing was a familiar art at least 5500 years ago by archeological record, and probably for many centuries before that.

In such a dynasty, the brewers naturally have run the gamut of materials for their equipment. Starting with the sun-baked clay of the ancients, ranging through wood and various metals, today the emphasis is increasingly on stainless steel in the never-ending search for higher quality and purity, finer taste and flavor, and lower overall costs. The bright, shining face of Allegheny Metal is to be found in equipment from one end of a modern brewery to the other, in the barrels on the trucks and in almost every tap-room.

The reason why is easy. No other available metal is at once as strong and as resistant to corrosion, heat and wear as stainless steel.

That's why Allegheny Metal is an essential material for so many industrial purposes—and for fighting equipment, too. We're steadily increasing our production, continuing to spend millions in the process—and as a further measure to spread the supply of stainless steel, we offer every assistance to users to avoid undue wastage and spoilage.

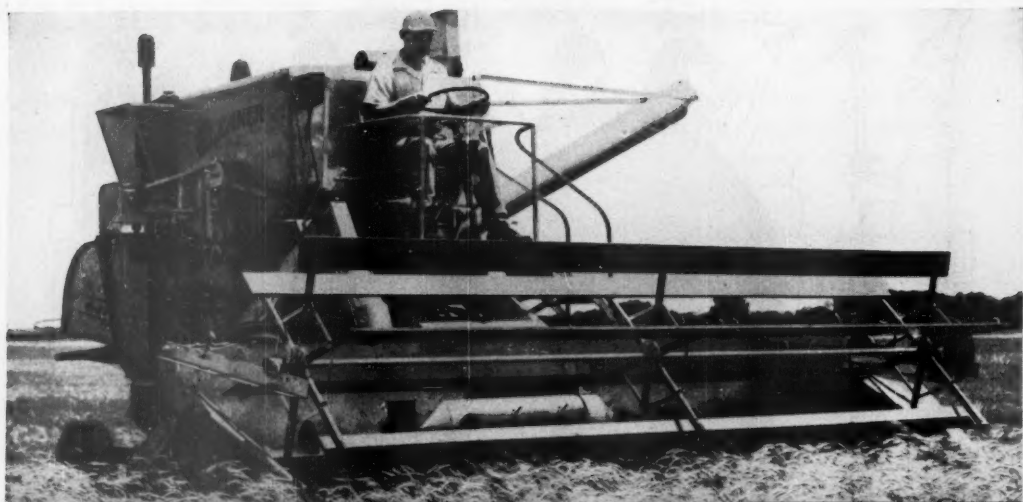
\* \* \* \* \*

Complete technical and fabricating data—engineering help, too—are yours for the asking from Allegheny Ludlum, the nation's leading producer of stainless steel in all forms. Branch Offices are located in principal cities, coast to coast, and Warehouse Stocks of Allegheny Stainless Steel are carried by all Joseph T. Ryerson & Son, Inc. plants. • Allegheny Ludlum Steel Corporation, Oliver Bldg, Pittsburgh 22, Pa.

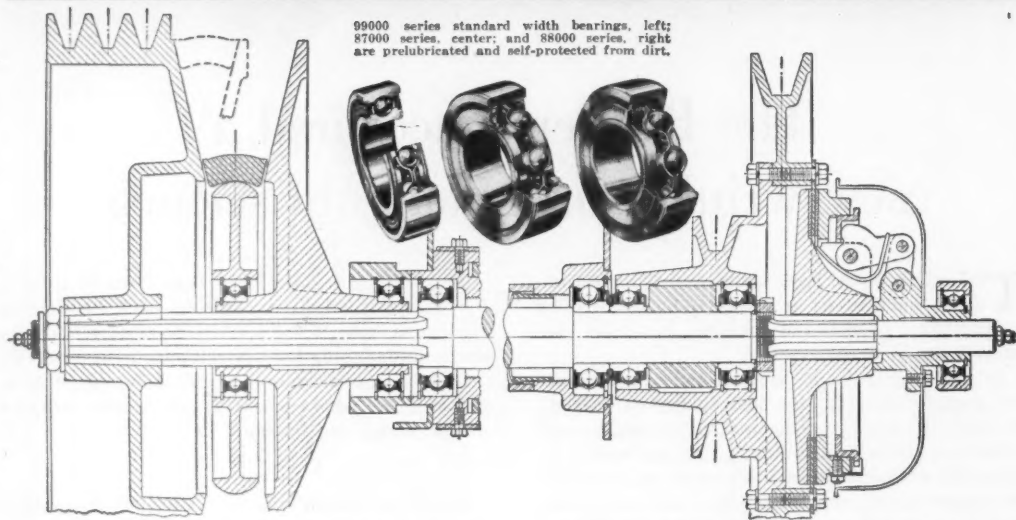
WAD 3392

You can make it **BETTER** with  
**Allegheny Metal**





## Bearings Have Their "Freedoms", Too!



99000 series standard width bearings, left; 87000 series, center; and 88000 series, right are prelubricated and self-protected from dirt.

● In the Gleaner Harvester Corporation's new 14 foot self-propelled combine, New Departure self-sealed and pre-lubricated ball bearings on the main clutch shaft feature several important "Freedoms". Prominent among these are freedom from **relubrication** — freedom from **adjustments** — freedom from **servicing time** — all of which add up to more freedom for the farmer — or more time for productive work, with equipment that stays cleaner, works better.

These sealed ball bearings are versatile, taking thrust or radial loads or both, in each self-contained unit. In the variable speed pulley and idler, on the main shaft, in the clutch release and clutch pulley positions, they simplify design — reduce drilling and tapping operations — give the builder freedom from the use of many small parts such as separate seals and closure caps — all adding up to a stronger, longer lasting machine for the farmer.

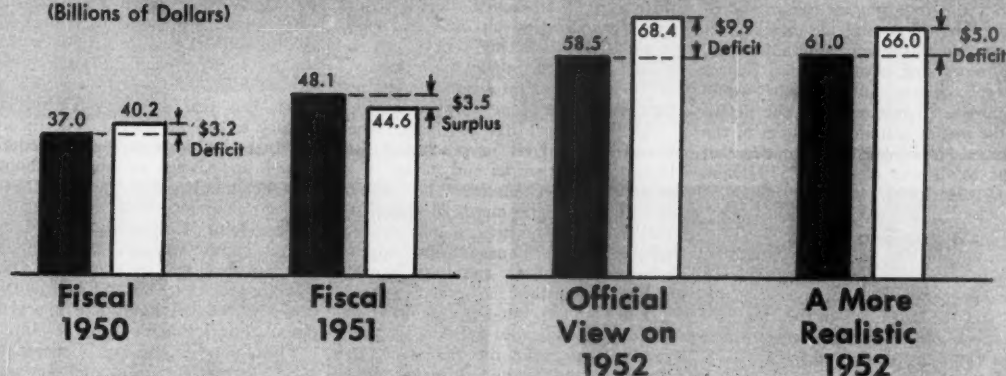
New Departure, Division of General Motors, Bristol, Connecticut

*Nothing Rolls Like a Ball*

# NEW DEPARTURE BALL BEARINGS

## RECEIPTS & EXPENDITURES

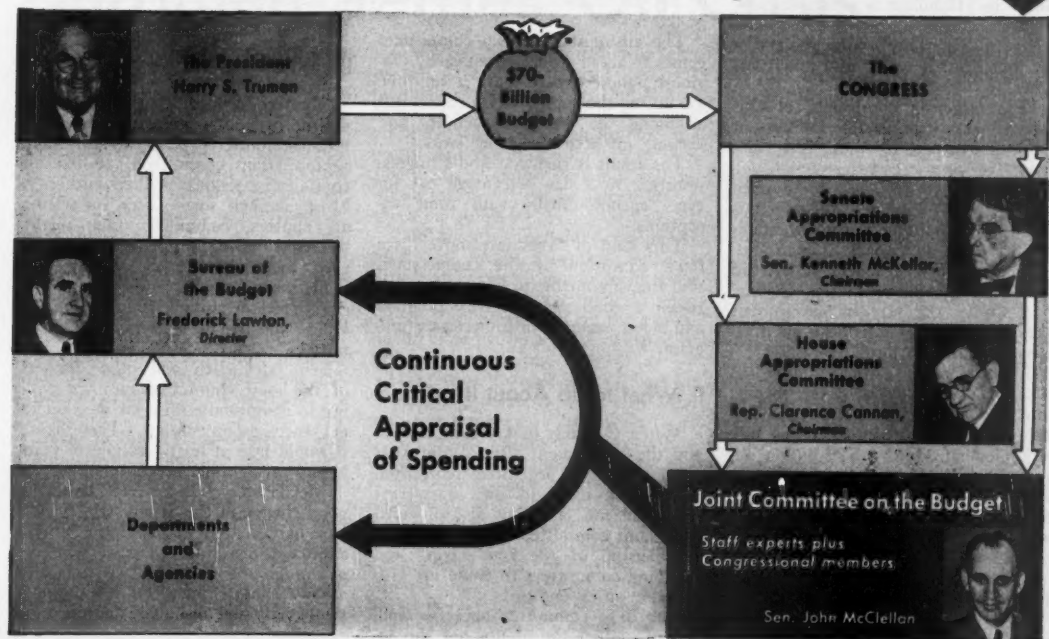
(Billions of Dollars)



Enormous Federal Budgets Like This... ↑

(STORY ON PAGE 20)

... Make Congress Want Help Like This ↓



# Congress' Own Budget Bureau (charts on page 19)

Congress is trying once again to put new and tighter reins on the federal government's spending. Congress is attempting to establish its own counterpart of the Administration's Bureau of the Budget.

The aim is to provide the appropriations committees and all members of Congress with the services of a full-time, year-round staff of nonpolitical budget experts. These professionals would familiarize themselves with the details of the money-spending activities of the hundreds of bureaus and agencies that hope to dispose of almost \$70-billion during fiscal 1952.

## I. Too Big to See

This proposed "joint committee on the budget," backed by a staff of experts, is the latest idea in the long fight to arm Congress to do a better job of appraising the fantastically huge U.S. budget.

Take a look at the way spending and revenue is shaping up: The Administration will spend from \$66-billion to \$68.5-billion in the twelve months ending next June 30. Of this amount, some \$42-billion will go for rearmament, including atomic energy and foreign assistance.

Taxes currently on the books will bring in some \$58.5-billion. So to balance the budget, anywhere from \$5-billion to \$10-billion is needed in new revenue. The House voted \$7.2-billion in late spring. The Senate won't vote any more, but it won't vote much less either.

The staggering complexity of this budget makes it impossible for any but a full-time expert to know what he's doing.

It's nothing to fool with blind—even in these days of inflated dollars. It is 20% of the nation's output of goods and services. Its impact is enormous. To many industries, federal orders can mean feast or famine. To the economy as a whole, the rate of government spending and taxes can mean an inflationary boom or a bust.

Every dollar of Truman's proposed \$68-billion is tagged to some specific purchase, service, or salary payment. Compare this staggering spending task with General Motors' \$7.5-billion annual income—the biggest bundle of dollars the public places with any single private organization.

• **The Bureaucrat Proposes**—This \$68-billion spending program is all spelled out in a 1,500-page document—about the size of the biggest phone book you ever saw. The tome, which Truman sent up to Congress, represents the end-

product of about 18 months' work by hundreds of bureaucrats.

• **The Congress Disposes**—Congress ordinarily has about six months to consider and decide how much it's going to vote in its appropriations bills. But this year's performance demonstrates again that Congress just isn't equipped to do the job. At midweek Congress hadn't sent one single appropriation bill to the President—even though the fiscal year began June 30.

As the budget has got bigger, the record of Congress in processing the budget has got sorer and sorer.

• **Review by Committee**—To review and decide on the merits of this \$70-billion of expenditures, Congress has to rely on the 50-man House appropriation committee and the 21-man Senate committee.

These split up into subcommittees of six to 11 members to hear the detailed justifications from the particular departments and bureaus. These subcommittees really have the congressional power of the purse. The full appropriation committees, or the House or Senate as such, can only trim around the edges of what the subcommittee approves.

But the subcommittee members now fight an unequal battle. Scores of colonels and higher brass, for instance, may appear to back up a demand for billions to build air bases. But the subcommittee has only one or two professional staffers on its side of the table.

The entire staff of two committees comes to about a dozen men each. Obviously, these experts have a full-time job during the appropriation season just arranging the hearing schedules and keeping up with the paper work.

The result is that you find Congress resorting to a flat percentage cut for every agency—usually with some exceptions.

This kind of "economy move" is a frank admission by the congressmen that they are unable to discriminate between a good and necessary program and a less essential or unnecessary program.

## II. What to do About It

When Congress took a look at itself and the government after World War II, it passed the legislative reorganization act to make its own operations more efficient. This law also provided for a joint committee comprised of the membership of the four taxing and spending committees to come up with a ceiling on expenditures.

The huge committee never worked. It had neither the ability nor the in-

clination to set a spending ceiling that meant anything.

Another attempt at checkreining government spending was the single-package appropriation bill, tried out last year. The theory was that this would give congressmen a look at the whole spending program; they wouldn't have to vote billions in bits and pieces without knowing what the whole thing amounted to.

But this year Congress decided to go back to the old system. The theory was that the single-package procedure slowed up passage of appropriations, and the omnibus bill was wide open for log-rolling and riders.

• **The Joint Committee**—The joint budget committee idea has a lot of backers. None expects miracles, but all agree that Congress and the country would probably benefit from a professional budget staff on Capitol Hill.

They point to the highly successful Joint Committee on Internal Revenue Taxation. A staff of 26 is composed of nonpolitical, highly skilled, career tax men. They devote their full time to serving both the House Ways & Means Committee and the Senate Finance Committee. While it works along with Secretary Snyder's Treasury tax staff, the Joint Committee Staff also analyzes the Treasury's studies and proposals and makes its own independent appraisals of such highly critical items as the forecasts of government spending revenue.

## III. What's in the Way

The biggest obstacle to adoption and use of the joint committee idea is the internal politics of Capitol Hill. The appropriations committees are like all committees—jealous of their authority. Most members see no need for setting up another committee that might somehow move in on their territory, even though it's proposed that the joint committee be composed of the chairman and ranking members of the House and Senate appropriations committees.

Sen. McClellan and other backers of the joint committee idea are willing to compromise on a lot in order to get their group started. They figure it would take at least a couple of years before much could be expected.

McClellan's bill—S. 913—stands a good chance in the Senate. But it will have hard sledding in the House. There, appropriations chief Clarence Cannon is a rough and tough battler—especially at any encroachment on his prerogatives as top man of one of the top committees.





TRUMAN sent Harriman to Iran when things looked worst.



IN TEHRAN reporters who mobbed him had little hope, but . . .



PREMIER MOSSADEGH listened. It made sense. In London . . .



PRIME MINISTER ATTLEE agreed to meet Iranians halfway.

## Harriman Settles Oil Crisis

W. Averell Harriman has worked a miracle in Iran. He's averted an explosion over the Iranian oil issue, which three weeks ago threatened to blow the West out of the Middle East.

Richard Stokes, Britain's Lord Privy Seal, is slated to sit down with Iranian leaders in Tehran this week for another try at working out a settlement. Chances are good that he'll succeed this time:

- The Iranians, under Harriman's patient prodding, have agreed to the principle that Britain should continue to produce and sell Persian oil.

- The British, also under pressure from Harriman, have agreed on nationalization of Iran's oil wells and refineries.

- **Down to Brass Tacks**—Now it's just a question of hammering out the details of who gets what and who does what.

Best guess at midweek was that the final formula will reverse the former oil relationship of Britain and Iran. Iran will own the fields and installations and pay the British for operating them and marketing the oil, instead of the British paying royalties to Iran.

Odds are that the British will agree to set up a new operating company nominally responsible to the Iranian National Oil. This British company probably will have Iranians on the board. And it will operate only in Iran. The Iranians almost certainly will insist on this in order to be able to keep a check on profits.

One thing is certain. No matter what deal finally is worked out, the British will have to pay more for their Iranian oil than in the past. A good guess: The Iranians will get the equivalent of close to 70¢ a bbl., compared to 22¢ before the crisis.

- **Haggling**—Of course, there'll be a lot of haggling before a deal is worked out. But three weeks ago, when President Truman thumbed Harriman into the game, nobody familiar with the situation would have taken bets that the British and Iranians even would start bargaining again.

Negotiations had completely broken down. All kinds of insults, accusations, and threats were flying like brickbats between British and Iranians. The Iranian government was threatened with bankruptcy and a Com-

munist-led civil war. The Soviet could not but feel they would gain both oil and friends as a result.

### I. For Iran: Oil Facts

Bloody rioting greeted Harriman as he stepped off a U. S. Army plane in Tehran. He was escorted through back streets by troops with unlimbered tommyguns to the luxurious palace in Shimiran that the Shah had put at his disposal. Communist thugs, journeymen assassins all, threatened his life. The young Shah, just recovering from an appendectomy, received him courteously at the royal palace. But he couldn't promise him much help in dealing with the nationalistic premier, Mossadeq.

- **Persuasive Talk**—Harriman started his miracle working then. He didn't do it by waving a wand, but by patient, sensible talk. A gangling, shy behind-the-scenes operator, Harriman is no verbal spellbinder. He's nervous, has a tendency to stammer and let his sentences dangle. But for more than a decade he has sold his confreres on his sincerity, sympathy, good faith, and

good sense, making up for any lack of eloquence.

• **Hobson's Choice?**—Harriman spent most of his time talking to aging, bed-ridden Mossadegh at his heavily guarded bedside.

His message was simple: Iran couldn't produce and sell its oil without British help. It had to choose between leaving the oil in the ground and making a reasonable deal with the British. Bankruptcy—probably revolution and Russian domination—would be the price of failure to come to terms with London.

Harriman also was Yankee-dollar blunt. He told Mossadegh that the U.S. wouldn't help Iran produce or sell its oil if the Iranians refused a reasonable British offer.

The Iranians had heard all this before from the British. But traditional suspicion and hatred of the British gave them an excuse for not believing it.

• **Pipe Dream**—Most Iranians, including Mossadegh, knew nothing about producing and selling oil. They had received offers from a lot of unemployed oil experts in Germany, Austria, and other parts of the world to come and produce the oil. They thought all

they'd have to do would be to hire these men and the oil would start flowing. Then they would advertise in the New York Times that the oil was for sale—and the tankers would flock to the Persian Gulf to pick it up. They could put their silk-slipped feet on their desks, and start clipping coupons.

• **Not So**—Harriman made them face facts:

• Distribution and sale of oil is tightly controlled by what amounts to an international cartel. Nobody would break ranks and buy Iranian oil.

• The unemployed technicians that Iran was counting on would turn out to be a pack of adventurers.

Mossadegh believed Harriman. From his bed he and Harriman worked out a compromise proposal to send to the British. Meanwhile, Walter J. Levy, New York oil consultant and Harriman's assistant on the mission, gave Iranian oil "experts" and second-string government officials a lesson on the facts and figures of the world oil business in order to build support in depth for a compromise. Levy is a one-man encyclopedia on everything pertaining to oil. He proved to Iranians at the technical

level that they just couldn't go it alone.

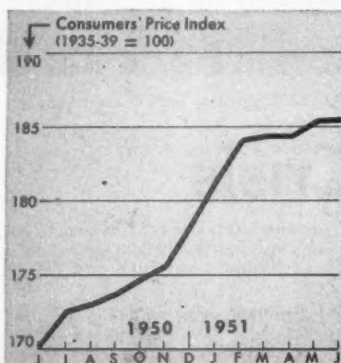
• **Redcoat Tactics**—Harriman also had to watch his flank, to keep the British from making some aggressive move. Sir Francis Shepherd, British ambassador to Tehran, had behaved belligerently throughout the crisis. He had urged the U.S. several times to back Britain in an attempt to overthrow Mossadegh and to fly in British troops to occupy the oil fields.

And he wasn't enthusiastic about Harriman's presence in Tehran.

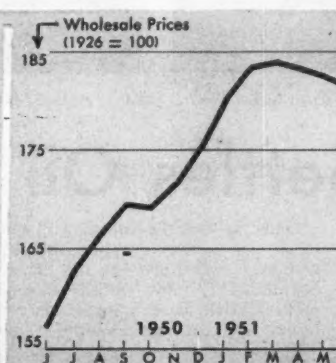
Harriman had several cool interviews with Sir Francis; urged him to tread softly while the negotiations were going on. But from all accounts, the two didn't hit it off. Shepherd even flew to London last weekend with Harriman—without orders—to be sure to get a hearing for his point of view from the British government.

## II. For Britain: Calm

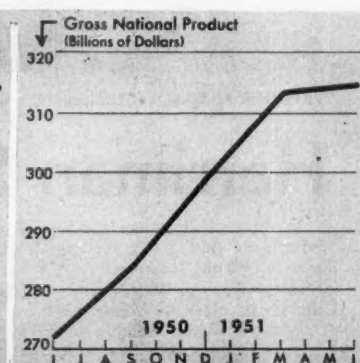
Harriman took the Iranian compromise proposal to London in order to talk the British into meeting Mossadegh half way. This wasn't easy. The British were sore about the treatment



1 The cost of living rose...



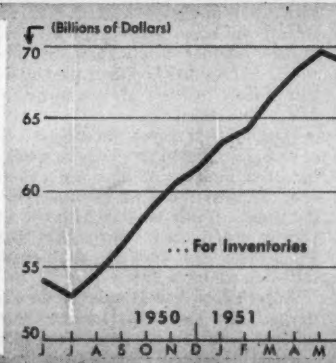
2 ...and the rise in prices...



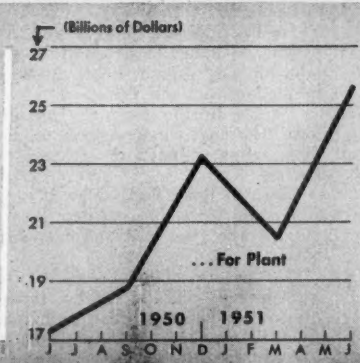
3 ...puffed up the value of all output;



7 Stores had two sales booms...



8 ...and business boosted its spending sharply.



their Nationals were getting in Abadan; the insults being hurled at the British Embassy. Many influential Britishers thought the time had come to get tough with Iran.

• **Conditions**—It took three days of patient argument with Prime Minister Attlee and his henchmen at the Prime Minister's country house at Chequers, but Harriman persuaded the British to send a cabinet-rank delegation to Iran. The British said all right, provided the Iranians stopped hounding their personnel in Abadan and called off the mud-slinging.

Harriman was flown back to Tehran to persuade Mossadegh to lay off during the negotiations. He'll stand by during the bargaining ready to jump into any breach that may develop.

### III. No Sleeping at the Switch

Harriman can't afford to be caught napping now. There are obstacles still in the way.

• **Communist Threat**—Iranian public opinion has been whipped into fanatical hatred of the British. It's hard to say how far Mossadegh will be able

to compromise without losing his grip on the country. The tightly organized, well-financed Tudeh Communist party will do everything up to and maybe including open revolt to queer the talks.

The Communists do have a fertile field to sow trouble in Abadan, where the refineries have finally shut down completely for lack of storage space. More than 50,000 Iranians have been put out of work by the shutdown and are spoiling for trouble.

The British, too, are a problem. Many British diplomats on the spot still nourish secret hopes that a get-tough policy could keep Anglo-Iranian in the country on the old basis.

• **But Even So...**—Odds are that a settlement can be reached. For one thing, the Iranians now are convinced that the British can't exploit their oil alone. And they're wary of being forced into the hug of the Russian Bear if talks break down. Also, Harriman has told them they might not get any U.S. aid if they pursue an isolationist policy with respect to the West; has promised them more aid next year if the oil squabble is settled.

The British, too, have good reasons

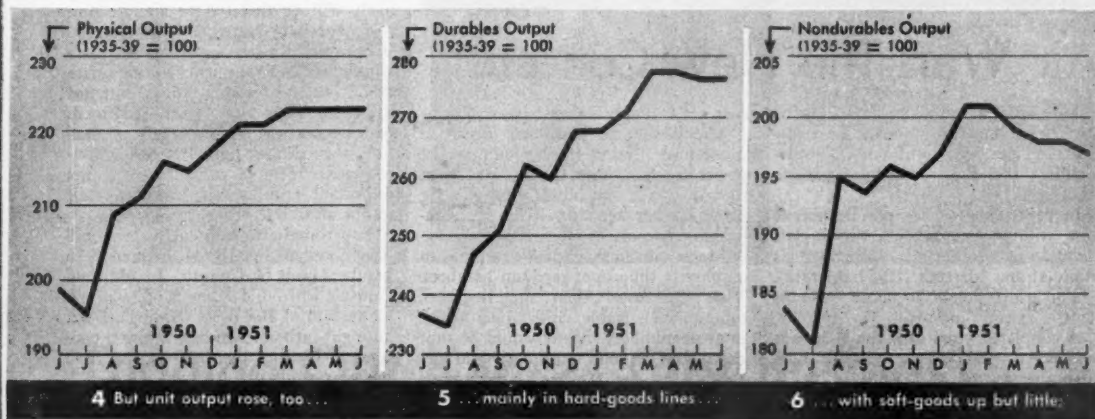
for coming to terms. Another breakdown of negotiations almost certainly would doom any hopes of their getting any oil out of Iran. It also would weaken their position on the adjoining Iraqi and Kuwait fields. And it would force the British to take a back seat to the U.S. in the Middle East from now on.

### IV. Bigger U.S. Role

Win or lose, Harriman's mission has blazed the trail for a new U.S. policy of direct participation with the British in Middle Eastern affairs (page 117).

It's now clear that we'll lean on the British in the area a lot less from now on than we have in the past, no matter how much the British position improves. Iran, and Abdullah's death, have convinced U.S. leaders that we can't count on the British any longer to maintain stability in the Middle East alone; that we have to keep our finger in the pie.

And Harriman's mission has proved how effective direct U.S. intervention can be as a catalyst and lubricant for settling Middle Eastern quarrels.



## The Marks of War on the U.S. Economy

Whatever appraisal history may write of the 13 months' conflict in Korea, the effects on the American economy—and on American rearming—can be measured fairly precisely. And, in a very general way, the effects have been much as expected.

Over-all, the value of all goods produced and services rendered has risen from an annual rate of \$272-billion to about \$315-billion. Part of the rise results, of course, from higher price tags. Yet a good part stems directly from a rise in physical volume.

But that's about as far as we have

followed the script. When you clamber down from the ivory tower of the generality to the grubbier realm of the specific, things have not gone according to plan.

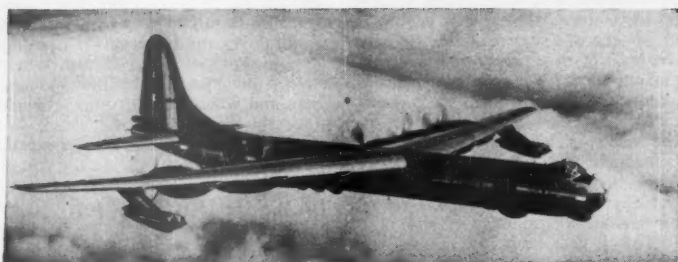
The large outpouring from factories of goods for consumers—to the point of glutting many markets—was unthinkable a year ago. But the military take rose less rapidly than expected, leaving room for an increase in output of consumer goods instead of the anticipated shrinkage.

And the steep zigs and sharp zags in the pattern of consumer demand have

done nothing to simplify the picture. After January's and February's buying boom it became apparent that shortages had not developed. Prices sagged, which still further dampened buying ardor.

So inventories began piling up. True, many factories and some stores aren't at all unhappy about their record inventories. But many have felt the need to liquidate stocks drastically, further weakening prices.

But booming heavy industry provides the strong prop underlying all. The upsurge in business spending, perhaps, has been the biggest surprise of all.



**ON THE WAY OUT:** Intercontinental superbombers, like this B-36: Too vulnerable to missiles, fighters.



**NEW RELIANCE:** Lots of bases, lots of light fast planes like Boeing's B-47A (left), Martin's XB-51.

## Air War: The New Concept

The Air Force no longer intends to put all its bombs in one bomb bay—that of the intercontinental superbomber, the B-36 (picture) and its successors.

In expanding air power, the accent now will be on smaller, faster, but shorter-range bombers such as Boeing's Stratojet and Martin's XB-51 (picture).

This shift points to more business for the aircraft industry.

A couple of years ago, the B-36 was considered practically invincible. Its advocates argued that it could fly so high that fighter planes, with higher wing loadings, would stall out trying to make runs on it. Antiaircraft projectiles couldn't reach it with any accuracy.

Most important of all, the B-36 could carry its load across oceans and return on one fueling. Since, it was prophesied, the next war will be fought entirely in the air, the country with the airplane that can fly highest and longest will win.

• **New Idea**—Not many believe that any more. For one thing the Korean War quickly proved the need for tactical bombers to support ground troops; we sadly lacked them. For another, battleships of the air are no longer safe just because they can fly high; advances in jet fighters and in rocket-powered antiaircraft missiles make it doubtful that an intercontinental bomber would

ever-get through an interceptor screen.

The Air Force has been trying to modernize the B-36 by adding jet power, among other things. But even the Air Force will admit that the big plane cannot keep up with the competition beyond 1954 or 1955.

• **Many and Fast**—The alternative is to emphasize the use of medium bombers. They are faster than superbombers, more maneuverable, and could attack in great numbers. Many would be shot down—but a good portion would get through to the target. Besides, these mediums could be used for tactical ground support if necessary.

• **The Tipoff**—Because of their relatively short combat radius, medium bombers require many overseas bases from which to operate. That's the tipoff: Recently, the U.S. has acquired new air bases in French Morocco, the Near East, and Spain—evidence of the shift in emphasis in air power to the medium bomber. The Navy's supercarrier, due to be completed in approximately three years, backs that up. The carrier will be a floating base, large enough to launch shorter-ranged bombers anywhere around the enemy's periphery.

Another tipoff came when the Air Force suddenly clamped down on information about the use of medium bombers. Remember when the B-47, Boeing's swept-wing jet bomber, was in

the news almost constantly? It's not any more.

Now comes confirmation from the Pentagon that the Air Force is going to expand. It's rumored that the strategic bombing force will increase to some 62 wings (a heavy bomber wing consists of about 18 planes) and that most of these planes will be types that can be used tactically. There is also a persistent rumor that Air Force Chief of Staff Gen. Hoyt Vandenberg will soon resign. Vandenberg has long been the leading proponent of the intercontinental bomber concept.

• **More Aircraft Business**—All this adds up to more business for the aircraft industry. In place of relatively few superbombers, the Air Force now requires a large number of mediums. That change will show up in bigger appropriations—and in more orders to plane builders.

This year's military appropriation request carries \$15-billion for aircraft procurement. Next year it will go even higher—to about \$22-billion. To expand the Air Force to 150 wings (an estimate of the present goal) will cost about \$32-billion. Funds that are going for new guns and tanks this year very likely will be diverted to aircraft procurement next year.

• **Bomber Roster**—Superbomber construction will continue to take a share of this enlarged appropriation, but not so big a share as was originally planned. Much more will be devoted to production of mediums—both jet- and piston-powered. Here is a rundown of the important bombers that will be built in the next few years:

**Superbombers:** Ultimately, we will have about 230 of the 10-engined B-36 bombers built by Convair. In addition, Convair will build a few B-60's—an all-jet version of the B-36. Boeing's B-52, an eight-turbojet bomber, is also a contender. Neither the B-60 or the B-52 has been built yet.

**Medium bombers:** Top in the field is Boeing's swept-wing B-47 Stratojet. It's in the 600 mph. class, with a bomb load of over 10 tons. Included in this group is the obsolescent B-29 (a medium in today's terms) and its souped-up version, the B-50.

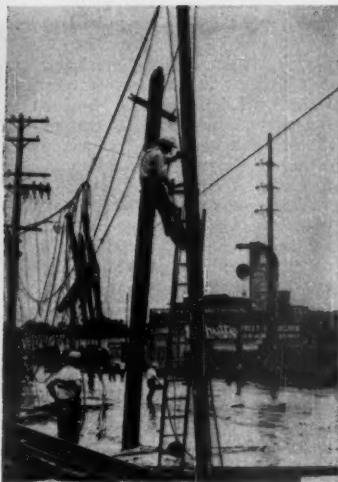
**Light bombers:** Martin has contracts for two important planes in this category, the British twin-jet Canberra and the XB-51—still unnamed. The Canberra will soon be converted to four jets. The XB-51 incorporates a radical landing gear, a saddle-back jet, and provisions for a packaged bomb load.

The Navy has two types in this class that it can fly from the supercarrier. They are North American's AJ-1, a twin piston-engine plane with one turbojet in the fuselage, and Lockheed's P-2V Neptune, another prop-driven plane designed for antisubmarine work.





**DEPARTMENT STORE** in Kansas City tried to outwit flood by weighted screen in front of show windows. Pressure of water broke glass anyway. Other flood sufferers were . . .



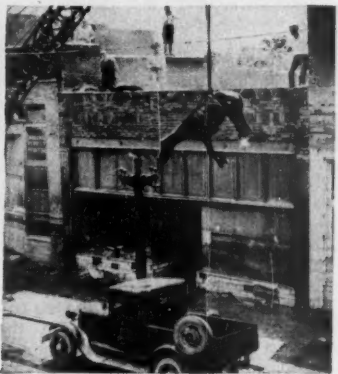
**... UTILITIES.** Linemen work in Kansas City mess of wires, broken poles, oily mud.



**... HIGHWAYS.** Flood knocked 700-ft. gap in U. S. 40, few miles north of St. Louis.



**... MACHINERY.** High-pressure steam bath cleans mud from electric motors.



**... ANIMALS.** This horse was fed for 10 days on a rooftop until crane rescued him.

## Digging Out Kansas City Business

It was a weird experience to try to do business last week in the Kansas-Missouri flood basin. You'd go to an office or factory and find it walled in by evil-smelling mud. With the aid of directories printed free by many newspapers, you'd trace the company to its temporary quarters in a hotel room or a competitor's office. After all that, you'd likely find your man too busy to talk.

The spectacular July flood (BW—Jul. 21 '51, p. 24) was front-page news all over the country. It should have been. It was the worst flood disaster in U. S. history, in terms of property loss if not of death toll. Latest estimates of damage run from \$990-million to \$1-billion, not counting a \$2-billion value the Agriculture Dept. places on topsoil

washed from farmland. The death toll stands at about 45.

Less publicized but just as colossal is the work of mopping up after the flood waters. It is messy, stinking work with no possible shortcuts. It's discouraging work, too, as more and more hidden damage turns up.

• **Operation Bootstrap—Recovery** is progressing faster, though, than anyone had dreamed. Government agencies are in there pitching, but it is mainly a case of business helping itself.

On the government side, agencies helping industry to recover are being coordinated by W. W. Watts, DPA deputy administrator for procurement and production. Watts saw to it that directives were issued to speed steel into the area regardless of previous alloca-

tions, and other critical materials are on the way.

Manly Fleischmann, head of DPA, set up a "Little NPA" on the scene, with full powers to issue or suspend NPA orders.

However, all agencies refer flood sufferers first to their suppliers, utilities, or railroads for the help they need. Government is there to tackle only the problems that can't be solved locally.

Military contractors in the Kansas City area lost from two to six weeks of production. They'll take anywhere from one week to five months to get back in full swing. Railroads, however, were already back to 90% of full efficiency this week.

• **Itemized Bill—Army Engineers'** \$990-million estimate of losses include such

visible items as 17 major bridges and hundreds of smaller spans lost, 87,100 pieces of railroad rolling stock put out of action, 2-million acres of farmland flooded, 16,000 livestock drowned or starved to death, 518,500 persons displaced, and countless business places damaged. Worst industrial damage was to electrical equipment.

This figure also covers less tangible items: loss of wages and profits, damage to inventories, increased cost of operations, cost of evacuation and clean-up, loss of time in getting back to production on farm or in factory.

But it doesn't include the Agriculture Dept.'s startling appraisal of the value of topsoil swept from the Kansas and Missouri valleys.

And it is next to impossible to calculate losses to businesses that weren't flooded. They suffered, too. Often they had to shut down for unprofitable days just because railroads couldn't move cars to or from their sidings. If they shared in building temporary dikes to protect their plants, they had to reckon with the cost of sandbagging—about \$1 per sandbag, plus the labor involved. Pumps cost money to run, too.

• **Ill Rain**—The flood rains brought cheer to at least one group of businessmen—the makers of umbrellas, rubbers, and raincoats. St. Louis department stores reported increases of 40% to 200% in rainwear sales, compared with the same period last year.

• **Business as Usual**—The good-neighbor spirit was never more evident than in Kansas-Missouri's time of disaster. Business rivals worked together to help the flood victims. Creditors tore up collection letters to customers in the stricken area. A supplier might be giving office space to his washed-out retailer or vice versa. One bank in Kansas City carried on business in the lobby of another bank.

Here are a few of the numberless stories of help given by business:

• Parke, Davis & Co. announced it would replace without charge all its products in retail drugstores damaged or destroyed by the flood.

• Pitney-Bowes, Inc., offered to lend postage meter mailing equipment free of charge to any customers who were forced into temporary quarters.

• International Harvester Co. lined up hundreds of servicemen to rehabilitate trucks and farm machinery on the heels of the receding waters.

• Westinghouse Electric Corp. turned its 30,000-sq. ft. jet-engine factory in North Kansas City, Mo., over to cleaning, drying, and rebuilding electrical equipment.

• Butler Mfg. Co. of Kansas City, Mo., had a dozen oil tank transports completed and ready for testing. It lent these tanks for hauling water around the city at the height of the crisis. Two

weeks later Butler had only 11 tanks; nobody seems to know what became of the other one, worth several thousand dollars.

• Jenkins Music Co.'s wholesale division, distributors for Bendix, with cooperation of the factory, installed batteries of washers and dryers in Red Cross emergency shelters in Kansas City and Topeka. Refugees were even provided with soap and water-softener to do their laundry free. The machines, all new, will eventually find their way back to the factory for reconditioning and sale as used models.

• Robert Keith furniture store (a division of Spiegel's) in Kansas City offered a 20% discount, storewide, through Aug. 4 to anyone who suffered flood damage to home or office.

• **Going Ahead**—The flood didn't stop expansion plans in the area either. A mass meeting of 1,300 people in Kansas City, Mo., was cheered by two items of news: The Santa Fe railroad is going ahead with a \$4-million diesel maintenance center in the Argentine district, on a site recently under 22 ft. of water; Fairbanks, Morse & Co. will build a \$74-million engine plant west of Kansas City, Kan.

The same public meeting sent spokesmen to press for:

(1) Prompt completion of the Pick-Sloan flood-control plan.

(2) Some kind of federally sponsored flood insurance.

• Army Secretary Frank Pace backed the demand for quick action on flood control. He asked the public works subcommittee of the Senate Appropriations Committee for \$10-million for Kansas projects, nearly \$7-million to strengthen levees in the Mississippi valley, and \$15-million for flood-control emergency funds.

• **Bargain?**—Army Engineers stood by their earlier claim that spending another \$300-million in their recommended flood-control system for the Kansas River basin would prevent a repetition of this year's disaster.

Officially, they say that last month's superflood was no more than the "standard project flood" for which their system was designed. They are confident that their full program of dams and levees would have kept the water at bankful stage or less.

Some engineers, both in and out of Army uniform, are not so sure. They look at the Army Engineers' estimate of peak discharge at Kansas City, 508,000 cu. ft. per sec., and the Weather Bureau's estimate of 450,000 cfs. at the same point. Then they compare these with the "standard project flood" peak load of 370,000 cfs. at Kansas City.

Exact figures on the volume of the flood won't be ready for 30 to 60 days. They may change the attitudes of either the Engineers Corps or its critics.

## Ailing Aluminum

Expansion is way shy of mark, mainly because U.S. is cool to offers of old-time producers. Newcomers haven't the cash.

It became plain this week what's wrong with the government's expansion program for aluminum. Its bosses don't want what they can get, and can't get what they want.

• **Bigness Unwelcome**—Alcoa pointed up half of the problem by offering 85,000 tons of new capacity to be built in Milam County, Tex. To the offer it attached a gimmick that ordinarily would have brought cheers from power-minded Oscar Chapman, whose job as Secretary of Interior includes heading the aluminum program. Alcoa said it would generate the necessary power with Milam County lignite (page 80).

Glum silence greeted the offer. Word of it didn't even come from Chapman's office, but from Rep. W. R. Poage, who thought he sniffed a good deal for Milam County. Chapman and the Justice Dept. antitrust division don't want Alcoa, or Kaiser or Reynolds, for that matter, to get much bigger.

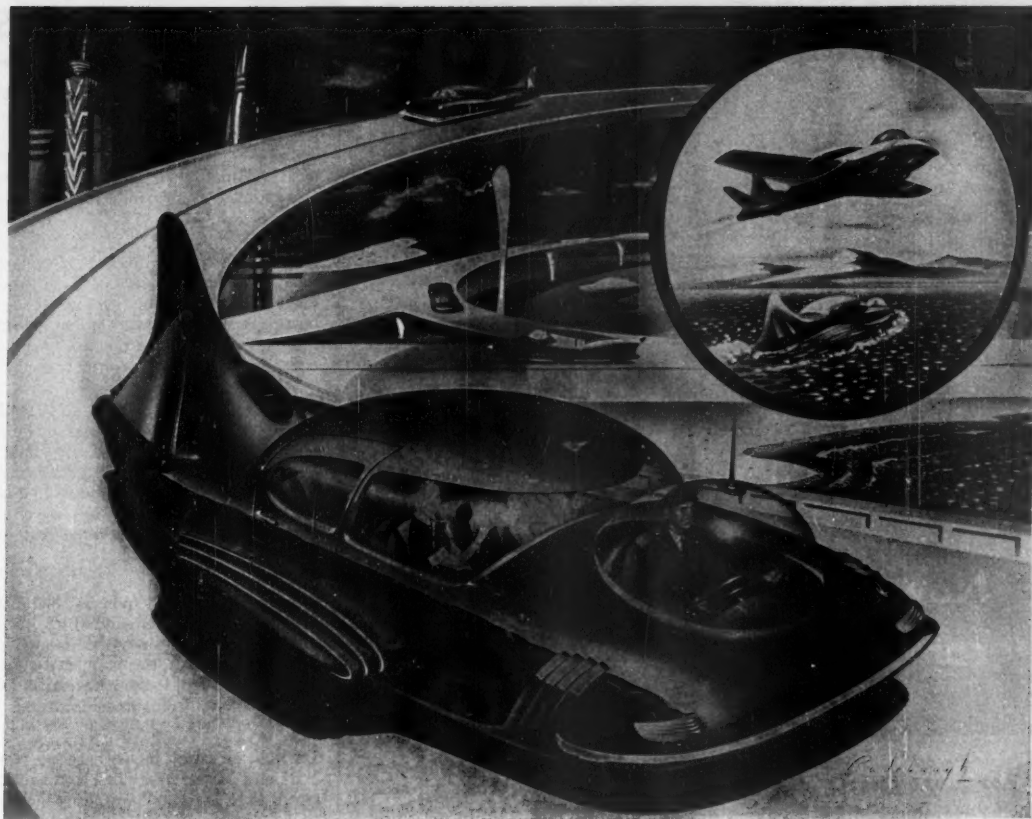
• **Where's Cash?**—Harvey Machine Co. pointed up the other half of the expansion problem. It's small, independent, and a would-be newcomer to the aluminum business. It's got everything the planners want except enough cash (BW—Jul.28'51,p120).

Harvey can raise only half of the \$7-million equity money the Defense Minerals Administration demands to qualify for a government loan of \$45-million. So Chapman's office made a suggestion. Why not put up \$3.5-million and then raise the other \$3.5-million by selling stock to fabricators who want a new source of supply.

This plan may yet keep Harvey in the aluminum picture. Most of the other small independents which have applied for government help have given up. Right now Harvey is Chapman's best bet to get the kind of aluminum expansion the planners want.

Out of the announced goal of 634,000 tons of new capacity, only 320,000 are being built—all by the existing producers, Alcoa, Kaiser, and Reynolds. No newcomer has turned a wheel.

• **Lignite for Sale**—In trying to find a customer for its lignite, Milam County ran into the same problem that faces Chapman. It dealt for weeks with a big aluminum fabricator who expressed an interest in becoming a primary producer. But negotiations fell through when it came to money. So Milam County welcomed Alcoa.



*When automobiles both swim and fly...*

## **National Oil Seals will protect the bearings**

Engine in rear? Tricycle wheels? Polaroid plastic top? Atomic power? Just as at home in the water or in the air as on the highway? Whatever the car of the future is like, you can be sure of this—it will have bearings, and the bearings will be protected with National Oil Seals.

For years National Oil Seals have been in the vanguard, anticipating performance requirements of modern machines of all kinds. Because of National's "years-ahead" research for the products of tomorrow, National Oil Seals give "years-ahead" performance in your products today.

We welcome tough sealing problems. If you have one, won't you call on us?

### **NATIONAL MOTOR BEARING CO., INC.**

GENERAL OFFICES: Redwood City, Calif. • SALES OFFICES: Buffalo; Chicago; Cleveland; Dallas; Detroit; Milwaukee; New York City; Philadelphia; Springfield, Mass.; Syracuse; Wichita. • PLANTS: Redwood City, Calif.; Downey (Los Angeles County), Calif.; Van Wert, Ohio.

2271



### **Under water vehicles NOW!**

The importance of efficient oil seal performance in motor vehicles, capable of operation while completely immersed in water is obvious. Today this "miracle" is an accomplished fact as illustrated by the military type vehicle shown above...a typical example of "years-ahead" performance in the vehicles of today.



Original equipment for all cars, trucks, buses and tractors—in fact, wherever shafts turn.



Now buildings of every size  
can say "Goodbye to fuses"

● For more than a decade Cutler-Hammer Multi-Breakers have brought truly modern electrical circuit protection to modern homes. In place of troublesome fuses, neat, compact, easily-reset circuit breakers stand guard against overloads. When lights go off there are no fuses to hunt, nothing to buy, nothing to replace... just resetting a little lever to its original "ON" position restores service in a jiffy. This has marked an important step forward in electrical safety and convenience.

Today architects, architects' electrical engineers and electrical contractors welcome the logical

extension of this better circuit protection to larger buildings and are now widely using the new line of Cutler-Hammer NMO Breakerpanels which make this possible. Nationally available through nearly 500 authorized electrical distributors in all needed types to handle from 8 to 42 lighting circuits per panel, Cutler-Hammer NMO Breakerpanels are the outstanding choice of those who insist on the utmost in safety, convenience and dependability. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin.



## BUSINESS BRIEFS

**Hanna Coal** opened the biggest coal-preparation plant ever, a \$5.5-million job. It will upgrade stripmine output to realize a higher price. Outstanding technical feature: three separate washing operations, three separate drying operations.

**Three adless days** hacked Cleveland retail sales by 30% last week. A truck strike blocked paper supply, limited newspapers to 12 adless pages. Even food stores sales were down 18%—perhaps partly because of the heat.

**RFC finally loaned** Cleveland Transit System \$29.5-million to build a 13-mi. rapid transit line across the city. That's \$2.5-million more than CTS first asked for in August, 1948. CTS won its case for the bigger amount to cover increased costs during the three years of loan negotiations.

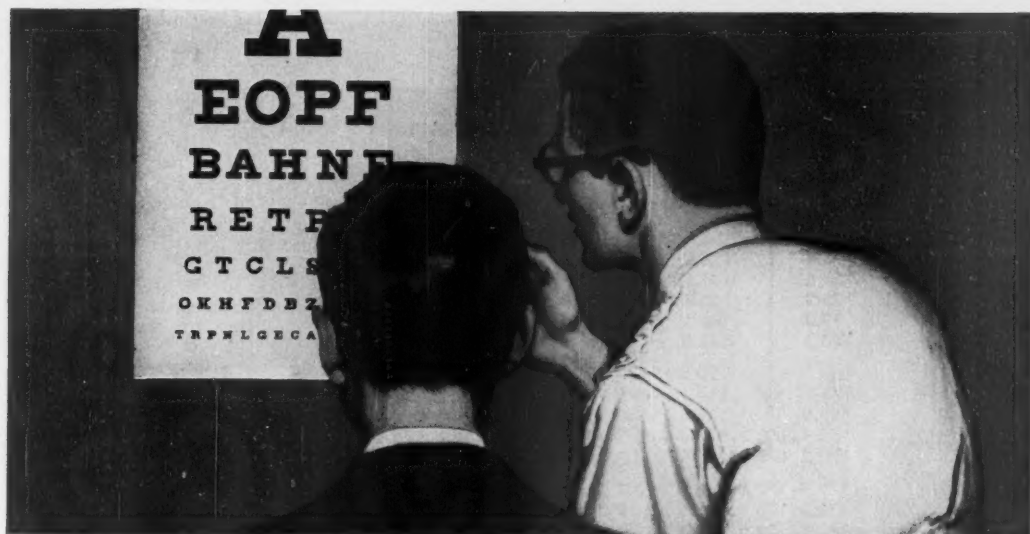
**Westinghouse will sponsor** National Collegiate Athletic Assn.'s TV broadcasts of football games this fall. The privilege will cost the company about \$1-million. With it goes the ticklish job of picking the games to be televised.

**Daylight air coach flights** between New York and Miami have Civil Aeronautics Board O.K. National Airlines is the first to get clearance for the run. Eastern Air Lines, biggest New York-Miami operator, opposed the move; now it may be forced to cut rates, too.

**Industrial microwave communications** (BW—Jul.28'51,p84) may be a threat to American Telephone & Telegraph's monopoly on long-distance business. Transcontinental Gas Pipe Line Corp. asked the city of Houston, Tex., to force Southwestern Bell to connect Transcontinental's interoffice phones with its 1,850-mi. microwave link to Newark, N. J. Southwestern contends that the hookup would connect any telephone in the Houston area with points along the pipeline—bypassing AT&T's lines.

**The biggest stand of timber** ever offered for sale by Agriculture Dept.'s forest service (BW—Sep.6'47,p18) finally found a buyer: Ketchikan Pulp & Paper Co., Bellingham, Wash. The contract, which expires June 30, 2004, gives Ketchikan cutting rights to about 8-billion bd. ft. of pulp timber in the Tongass National Forest in southeast Alaska. Pulp from the timber will be used to make rayon and cellophane and may also be refined into nitro-cellulose for explosives.





## Do your eyes need help?

**M**ANY PEOPLE—both young and old—have some degree of sight impairment. According to recent estimates, one out of every five children of school age has faulty vision. Among adults over 40, two out of every three have visual defects.

To help maintain good vision throughout life and protect general health, doctors recommend that everyone follow the safeguards below.

### The child's eyes . . .

During the formative years, authorities say that the eyes need careful attention. The eye grows and changes during this period and it is necessary to discover any serious abnormality early. Faulty visual habits are often formed during childhood which may lead to defects in later years when correction may be more difficult.

Authorities also say that a child's eyes should be examined at age three or four, again before entering school and after starting to read. They recommend these examinations even though no signs of eye trouble are evident.

There are many common diseases that affect the eyes of children. Most of them are mild—but some may be

serious. Both may start in the same way—with redness, flow of tears, blinking, squinting, or scowling, accompanied by little or no pain. So, if these or other signs of eye trouble appear, it is wise to see a doctor.

Specialists caution against delay in the use of glasses if a child needs them. Glasses generally help the child to improve his vision, or overcome other eye defects—often within a relatively short time.

### The adult's eyes . . .

After age 40, periodic examinations of the eyes are especially important. They provide a *double* safeguard. First, by discovering defects and diseases of the eye itself. Second, by helping to detect conditions such as high blood pressure, diabetes, and hardening of the arteries which often reveal themselves by changes in the eyes.

Fortunately, more can be done today than ever before to check or cure some of the more serious eye conditions. New drugs, for example, are remarkably effective against eye infections. Improved surgical techniques have likewise helped doctors to prevent loss of vision in cases of *cataract*, and in conditions

affecting the *retina*, the vital "seeing" part of the eye.

Three common eye defects—near-sightedness, farsightedness, and astigmatism—can usually be corrected by properly fitted glasses. Only an eye specialist is qualified to prescribe glasses or other special eye treatments.

Under proper medical care, most of the threats to good vision can be corrected or cured so that the eyes may be used efficiently throughout life.

### To help keep the eyes in good condition:

1. Read with a clear, good light falling from above and behind you.
2. Rest your eyes at frequent intervals when reading or doing close work.
3. Except for easily removable particles, trust only to expert help for removing a foreign body from the eye.
4. Be alert to the warnings of eye trouble—headaches, eye fatigue, blurred vision, inflammation of the eyes or lids, spots before the eyes and colored halos around lights.
5. Use eye safety devices exactly according to instructions.
6. Have your eyes examined regularly by an eye specialist.

Metropolitan Life



Insurance Company

(A MUTUAL COMPANY)

# LABOR

## What's Happening to the Cost of Living

	Total Cost of Living		Food		Clothing		Rent	
	Old	New	Old	New	Old	New	Old	New
June, 1941	104.6		105.9		103.3		105.8	
June, 1942	116.4		123.2		125.3		108.5	
June, 1943	124.8		141.9		127.9		108.0	
June, 1944	125.4		135.7		138.0		108.1	
June, 1945	129.0		141.1		145.4		108.3	
June, 1946	133.3		143.6		157.2		108.5	
June, 1947	157.1		190.5		185.7		109.2	
June, 1948	171.7		214.1		196.9		117.0	
June, 1949	169.6		204.3		190.3		120.6	
January, 1950	166.9	168.2	196.0	196.0	185.0	185.0	122.6	129.4
June, 1950	170.2	170.2	204.6	203.1	185.0	184.6	123.9	130.9
July	172.5	172.0	210.0	208.2	184.7	184.5	124.3	131.3
August	173.0	173.4	209.0	209.9	185.9	185.7	124.6	131.6
September	173.8	174.6	208.5	210.0	190.5	189.8	124.8	131.8
October	174.8	175.6	209.0	210.6	193.4	193.0	125.0	132.0
November	175.6	176.4	209.5	210.8	195.0	194.3	125.4	132.5
December	178.4	178.8	215.4	216.3	196.4	195.5	125.8	132.9
January, 1951	181.6	181.5	221.6	221.9	199.7	198.5	126.0	133.2
February	184.2	183.8	226.0	226.0	203.2	202.0	126.8	134.0
March	184.5	184.5	225.4	226.2	204.6	203.1	127.3	134.7
April	184.5	184.6	224.6	225.7	205.2	203.6	127.7	135.1
May	185.4	185.4	226.7	227.4	205.7	204.0	128.0	135.4
June, 1951	185.3	185.2	227.0	226.9	205.5	204.0	128.3	135.7

\*BLS has revised its formula for computing the cost-of-living index (BW-Mar. 10, '51, p112). Since the old index is still widely used in labor-management bargaining, BLS will continue issuing both sets of figures at least through 1951.

Data: U. S. Bureau of Labor Statistics.

## Labor Wants Cost Plus

Unions think that the new control law does them wrong, and they're set to fight to keep even with the inflation they're convinced will result—or better than even.

The cost of living is going to rise under the new controls law. But labor's real—and fancied—wounds from the new law are going to be salved at the bargaining table.

It's estimated that liberalities in the law will jack up the Bureau of Labor Statistics' cost-of-living index 3½ by the end of this year—from 185.2 in June (chart) to 191. Labor will bargain to make wages catch up with this increase and will probably hold out for a good bit more.

• **Wage Pattern**—This pattern will begin to emerge when CIO president Phil Murray sits down with the steel industry to negotiate a new contract for 1952.

What Phil Murray gets will be the target that John L. Lewis' mine workers will shoot at in April, and other unions later on.

Right now you can figure that by Dec. 31—when the steel contract expires—living costs will have risen 13½ since January, 1950. The Wage Stabilization Board's announced policy permits only 10% in cost-of-living pay increases since January, 1950.

But union labor believes it has been swindled by Congress in the new control law. And it will fight. Murray won't be satisfied with just keeping abreast of the 13½ inflation since January, 1950. Murray will be negotiating before the current lull in inflation ends.

And he will be negotiating for a year in which supply and demand will be most out of kilter since the mobilization began.

So, politically and practically, he must get his workers back on even terms with, say, Walter Reuther's auto

workers; and he must see to it that he gets enough more pay to keep abreast of whatever John L. Lewis gets in the spring.

• **What's Wrong With the Law**—Labor's complaints against the new law are real:

• The rent amendment, permitting a 20% increase in rents since 1947, will hike the cost-of-living indexes by around 3 points. The rent makes up around 20% of the consumer price index.

• The ban on beef price rollbacks deprives the consumer of a 9% saving at the meat market. And this week the price of pork had to be increased 3¢ to 9¢ a pound to take the squeeze off distributors faced with raises in uncontrolled hog prices.

• The allowance to manufacturers to pass on all cost increases from pre-Korea to this July 26 will show up in consumer prices once a seller's market returns.

These factors are the basis for estimates that June's consumer price index of 185.2 will go to 191 by the end of this year.

• **WSB Will Catch Up**—The Wage Stabilization Board is ready to junk its 10% formula wherever necessary, to keep wages in step. The board has decided on a new policy that would say just about this: Wages will be permitted to rise to keep pace with the cost of living—whether the worker is under a contract that has an escalator clause or not.

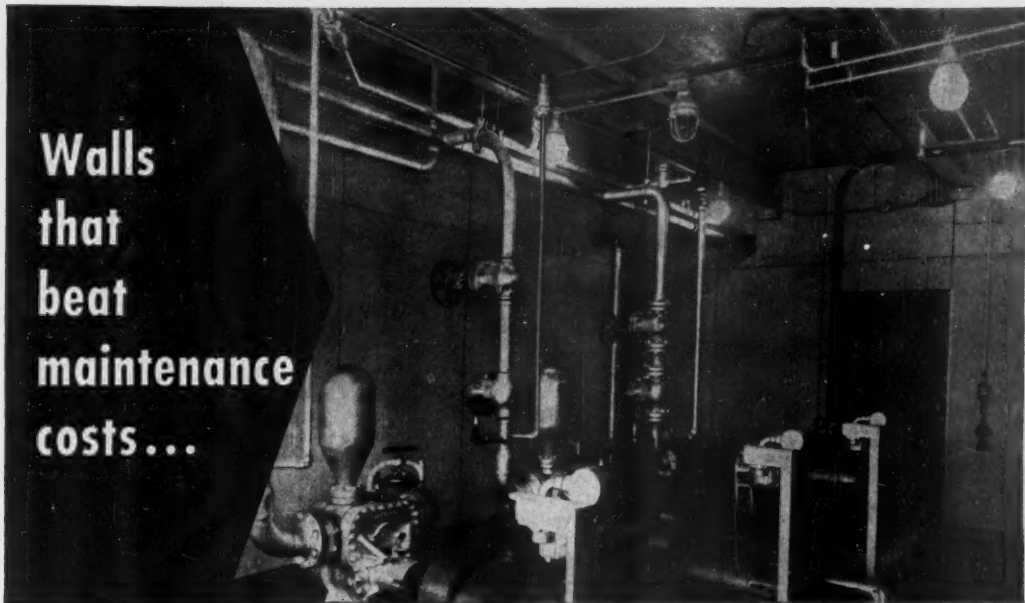
• **Better Than None**—Labor has some complaints about the way the new price control law treats the consumer, too. The complaints can't be put in an index, and their validity is questionable, but that doesn't mean they aren't significant.

The unions question whether the new law is any better than no law at all. The fact is, from July 26 on, the Office of Price Stabilization can prevent manufacturers' costs—including labor costs—from pyramiding into the price the consumer pays for goods. Even OPS people acknowledge that the law gives them a pretty fair weapon to control the spiral.

And even in Congress, the members are taking a new, sympathetic look at OPS chief Mike DiSalle's plea for slaughtering quotas and registration of slaughterers to prevent black market hijacking of meat prices.

• **Administration Backing**—But labor will get a kindly hearing from the Truman Administration as it complains. Just as the President and mobilization chief Wilson chastised automobile makers last week for letting unemployment grow, so can the Administration, in 1952, be counted on for ample assistance in keeping labor happy on wages.

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that  
beat  
maintenance  
costs...**



Water treatment room in large utility plant. Walls are "Century" APAC,  $\frac{3}{8}$ " thickness.

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**APAC is maintenance free!** It cannot rot, rust, or corrode—rodents and termites can't hurt it. APAC doesn't even need protective painting to preserve it!



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You'll find "Century" APAC used today in hundreds of plants, in dozens of industries: For siding, office paneling, fire-resistant sheathing in shops and stockrooms, storage bins, linings for elevator casings, shower stalls—in fact, wherever quick, economical construction and maintenance-free service are wanted. Write us for complete information on "Century" APAC and the name of your nearest distributor.

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## Defense Strikes: First Test

Board's handling of American Smelting dispute may give clue to how government will deal with defense labor troubles. Ruling will also be important to steel union's future in nonferrous metals.

Keep your eyes on the government's handling of the American Smelting & Refining Co. strike. It:

- Is a trial of how successfully the Administration can deal with major defense strikes and duck using the labor-hated Taft-Hartley injunction.

- Will put the government on record for or against the union shop, a coming issue in the steel industry this winter—and may give CIO president Philip Murray's steel union a boost in its uphill fight to set the wage pattern and take over bargaining rights in the nonferrous mining industry.

- **Importance**—The strike is the first labor dispute (except those on railroads under the Railway Labor Act) in which President Truman has intervened directly since Korea. It was costing heavily in lost copper and sulfuric acid. By referring the strike to the Wage Stabilization Board, the President is putting on trial the limited disputes functions he added to WSB's wage-control authority last Apr. 21 as a concession to organized labor. He also is avoiding, for the time being, the Taft-Hartley 80-day injunction he last used in the coal strike of February, 1950.

Avoidance of the T-H injunction is not new where the union cooperates in maintaining production while a dispute is being studied. In 1949 Truman avoided using a T-H injunction when he referred Phil Murray's steel pension dispute to a fact-finding board.

- **New Method**—This time Truman used neither fact-finding nor T-H. Nor did he resort to seizure under the Universal Military Training and Service Act, which authorizes the White House to take over plants that fail to deliver on government contracts.

Instead, he called on WSB to settle the nonferrous dispute—and to answer anti-Administration critics in Congress who voted unsuccessfully for the amendments that would have taken away WSB's authority to handle any disputes.

WSB's authority, contained in Executive Order 10233, gives the board power to act only in two kinds of disputes:

- Those that Truman certifies as "of a character which substantially threatens the progress of national defense."

- Those that the parties jointly submit to WSB.

Unless the parties agree to be bound by WSB's decision, the board may

only make recommendations "as to fair and equitable terms of settlement." In any case, collective bargaining and government conciliation must be exhausted first. Otherwise, WSB may refuse to involve itself in a dispute voluntarily submitted.

This is how the AS&R case developed:

On July 2 some 1,350 smelter employees struck at Garfield, Utah, when contract negotiations with CIO steel local 4347 broke down.

- **Deadlock**—Government conciliation efforts, first in Utah, then in Washington, failed to break the deadlock over wages, noncontributory pensions, a job evaluation plan, and the union shop.

The strike was causing a loss of 24,000 tons of copper a month, plus much-needed sulphuric acid (BW-Jul.28'51,p38), so the Office of Defense Mobilization was deeply concerned. When a last-ditch mediation plan was rejected, ODM recommended White House intervention. Truman sent the case to WSB, with the expressed "hope" that strikers would return to work at WSB's request. They did.

(WSB, like the old National War Labor Board, thinks it should not consider a dispute while a strike is in progress.)

- **Panel Picked**—This week WSB named a three-man panel to hold hearings. Lloyd K. Garrison, NWLB chairman at the end of the war, is chairman. Other members are G. Allan Dash, Jr., a Philadelphia arbitrator, and Vernon H. Jensen, Cornell University professor who handled nonferrous metals cases during the war.

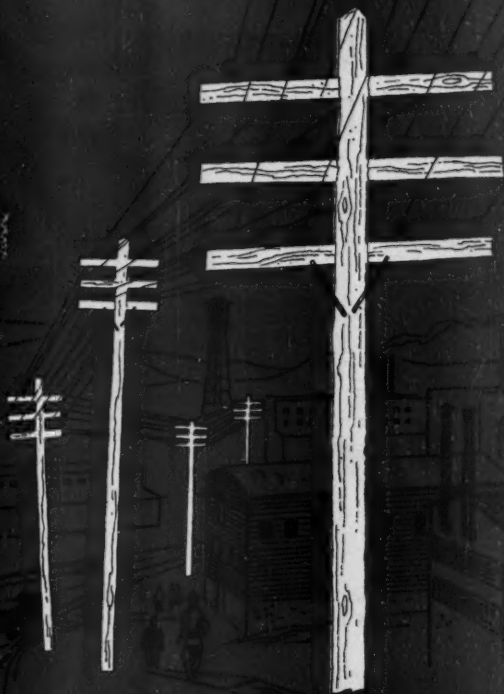
The panel will not make any written reports or recommendations. It will sift the facts in the case, then sit with WSB and help the board draft recommendations to the President.

The steel union hopes the final settlement will set a pattern for 1951 wage terms in nonferrous metals—thus show up the Mine, Mill & Smelter Workers, which was kicked out of CIO in 1949 for its Communist sympathies.

Meanwhile, MMSW—still the strongest union in the country—is out to attract attention, too. It is threatening to strike Anaconda, Kennecott, and Phelps-Dodge—where negotiations have lagged as the companies kept an eye on the steel-American Smelting situation.



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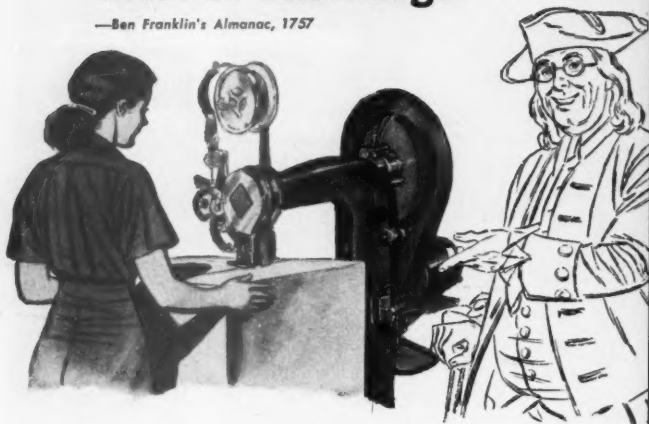
\*Penta is a popular abbreviation of the name of the chemical, pentachlorophenol.



*Penta*  
chlorophenol

**"Want of care does us  
more damage than  
want of knowledge."**

—Ben Franklin's Almanac, 1757



**Thou can hide the fire of waste, but what will thee do with the  
smoke when ye Boss casts an eye on your department report?**

—Acme Steel Notebook, 1951

How's your business? New people arriving, willing but perhaps untried? Old hands coming back and finding skills a little rusty?

Now's the time to get them off on the right foot toward increased efficiency and greater thrift. There's no better place to begin than in your packing and shipping operations. Take box stitching equipment for example. Here are five things everybody ought to know to keep Acme Silverstitchers on the job:



1. Clean and oil every day.
2. Never operate stitcher without material in stitching position.
3. For perfect stitching, check work regularly. If in doubt about any operating difficulty, refer to service manual (additional copies sent upon request) or submit stitched material, identified by machine type and serial number, to Customer Service Department, Acme Steel Company.

4. From time to time moving parts need replacement—keep a supply on hand to make quick minor, replacements.
5. Ask us about the Acme Steel "3-WAY SERVICE PLAN" for equipment repairs.

Follow these suggestions. And ask your Acme Steel representative to work with you on ways to increase efficiency, eliminate waste and stretch the available supply of Acme Silverstitch box stitching wire. Or write Dept. BW-81.

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Acme Steel employees on December 31, 1950, numbered 4,098 men and women, an increase of 8.18% over 1949. Monthly employee turnover average in 1950 was only 1.7% despite the growing manpower needs of the armed services.

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Barbed Straps — Corrugated Fasteners — Hoops — Strip Steel**



**FORMER WSB DIRECTOR** Sylvester Garrett accepts a 60-day assignment as . . .

## Steel Umpire

**U. S. Steel and CIO name  
first chairman of arbitration  
board since 1949. There are no  
tough cases looming now.**

Sylvester Garrett, who resigned earlier this year as executive director of the Wage Stabilization Board, is new "temporary" chairman of the U. S. Steel Corp.-United Steelworkers (CIO) board of arbitration. He took over the job this week and will keep it for not less than 60 days.

**• Impartial Umpire**—The board of arbitration is set up by contract to decide grievances that can't be settled short of arbitration. The chairman is, in effect, an impartial umpire. Ralph T. Seward, who resigned in 1949, last held the job.

By the time the arbitration program was reactivated—but without a chairman—a big backlog of grievances had accumulated. A staff of part-time arbitrators, including Garrett, pitched in to get them settled.

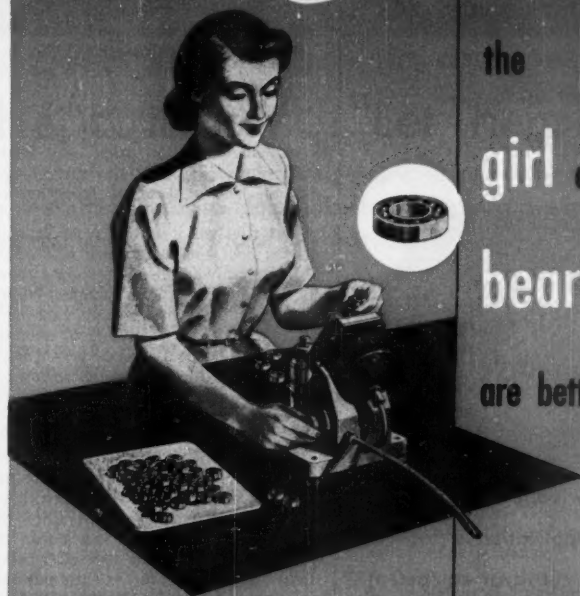
After Garrett resigned from WSB this year because of health, both company and union urged him to accept a job as chairman of their joint arbitration project. He refused, citing his health and a desire to return to teaching law at Stanford. Last week he gave in. He accepted a 60-day appointment, strongly indicated he would not stay beyond that time.

**• Peaceful Scene**—No big arbitration cases now loom for Garrett. Relations between the corporation and USW have been good for some time.

Example: Last week U. S. Steel and the union announced that they had agreed, quietly, to extend benefits pro-

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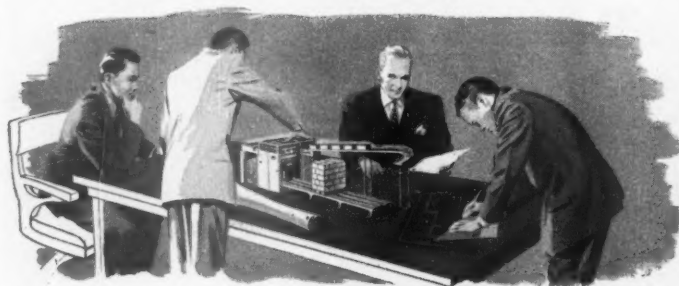
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vided for workers under the social-insurance clause in their contract. Because reserves have been building up fast in the jointly financed insurance program, 715,000 workers and members of their families will get free surgical coverage (up to \$200 for operations) without additional cost.

## Wildcat Strikers . . .

... may get fired from UAW  
from now on. Union sees growing  
insurgency evidenced by  
rash of unauthorized stoppages.

The United Auto Workers (CIO) talked tough last week to members who strike without union authorization. From now on, it told them, wildcat strikers may be dismissed from the union; if the company wants to fire them, wildcat strikers can't ask for union protection.

• **Skeptical**—In view of past UAW support of local strikes against production-line changes and on other local issues (BW—Jul. 21 '51, p. 34), the new tough attitude got a skeptical reception in Detroit.

But the fact is UAW is really concerned over the recent rash of wildcat strikes mainly because they show a growing insurgency in UAW ranks. Union strategists think they see the fine hand of John L. Lewis beginning to operate. Lewis has been at swords points with Reuther for a decade, would welcome a chance to take away some of his local strength (BW—Jun. 30 '51, p. 32).

• **Called to Carpet**—UAW's first crack-down against wildcat strikes came at Local 227, in the Chrysler Corp.'s DeSoto plant, which has been hampered by 70 wildcat tieups since the first of the year. UAW named an administrator to run the local and called local officers before its international board to explain the DeSoto stoppages.

Ringleaders in the DeSoto local—and in the Dodge plant where other wildcat stoppages have occurred—are mostly anti-Reutherites.

At DeSoto and Dodge plants, strike leaders haven't bothered to hide their activities. The fact that they are staying out in the open indicates a considerable confidence that they can't be hurt—a confidence that many in UAW think is based on some kind of assurances from Lewis, possibly the offer of jobs as United Mine Workers organizers if UAW should kick them out.

• **Some Authorized**—While warning of action against wildcat strikers, UAW emphasized it will authorize strikes "wherever such action is shown to be justified and the membership votes its approval."





A \$25-MILLION CROP of pineapples is ripe, but pickers are on strike. Says . . .

## Hapco to ILWU: "Let Them Rot"

It's a showdown for Bridges and his longshore workers in Hawaii. Hawaiian Pineapple Co. is backed by Big Five in resisting harvest time pressure for a pay boost.

Harry Bridges is facing his roughest test since CIO kicked out his left-wing tightly controlled International Longshoremen's & Warehousemen's Union. They're striking, on the Hawaiian island of Lanai, against a company that is prepared to let a \$25-million pineapple crop go to rot rather than knuckle under.

The company, Hawaiian Pineapple Co., is determined. Its president, Henry A. White, told stockholders that Hapco can't afford to let ILWU "victimize" it during the peak pineapple growing season.

• **Bridges Showdown**—ILWU workers struck on Hapco's important Lanai plantation Feb. 27 (BW—Apr. 7 '51, p. 38). On the surface, the issue appeared a simple one: ILWU wanted a 12¢ hourly raise. Hapco refuses to go above 8¢. But much more than 4¢ an hour—or an additional \$250 a day in labor costs—is at stake.

Hapco voluntarily opened its contract with five ILWU locals last fall, granted an 8¢ raise, got its contract extended 27 months. All except one ILWU local—that on Lanai—accepted the terms. The Lanai workers sat tight, neither accepting nor rejecting the new contract terms, until February. Then the Lanai local said an 8¢ raise wasn't enough; the company must give 12¢, or else.

When Hapco stuck to its original 8¢ settlement terms, in effect at Hapco's four other ILWU plantations, the 752 plantation workers on Lanai struck. They still are out, five months later. No progress has been made toward a settlement.

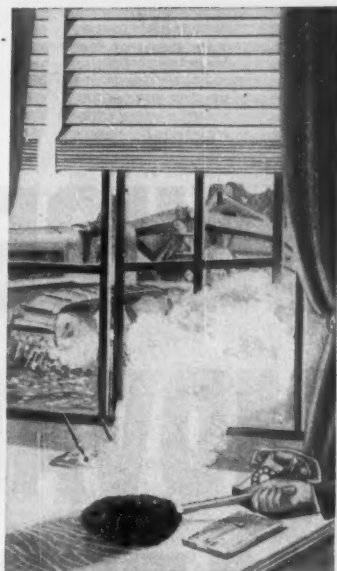
• **Crucial Time**—The Lanai unionists struck at a strategic time. Already, crop losses have begun to mount because of lack of proper care for the growing fields of pineapple. Now is the time to start harvesting the ripened fruit. If it isn't done in the next month, the fruit will rot.

But instead of making Hapco anxious to settle, the Lanai tactics have had an opposite effect. The company feels that if it gives in to harvest-time pressure now, it will invite harvest-time demands every year. And it feels that a surrender to union "irresponsibility" and an attempt to "impose special conditions" at this time would lead to similar problems in the future.

Rather than give way, Hapco is willing to lose its crop.

• **Other Reasons**—There are other reasons, too. For more than a year, a substantial part of Hawaiian industry has been thinking that Bridges should be given his come-uppance—at any cost.

Through ILWU, Bridges has the important part of Hawaiian labor—workers in pineapple, sugar, and longshoring in-



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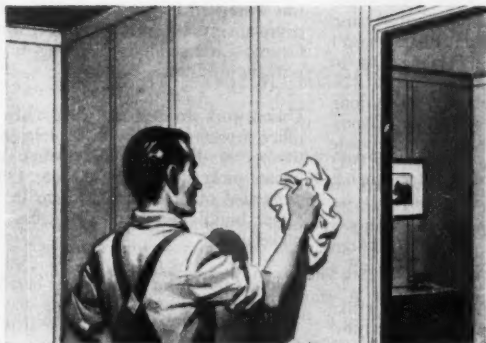
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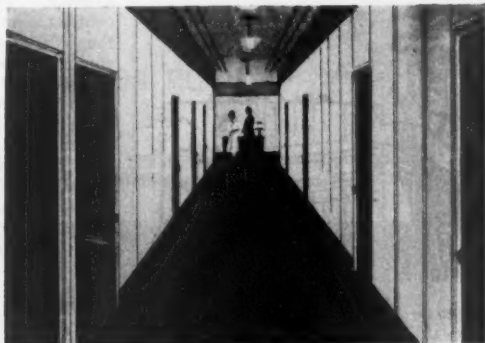
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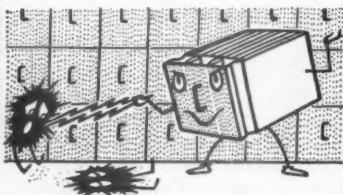


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**WHETHER YOU BUILD OR USE** engines, compressors, air-conditioning and ventilating equipment, or any device using air or liquids—the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities, or write Air-Maze Corporation, Cleveland 5, Ohio.

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dustries, particularly—in the palm of his hand. No matter how they may feel about unionism generally, Hawaiian businessmen don't like that tight, left-wing control of the bulk of the labor force.

During the 1949 dock strike, industry formed a united front against Bridges. It shattered when C. Brewer & Co., less able to stand a strike loss than the others of Hawaii's "Big Five" employers, settled. Everybody had to sign up after that—and Bridges came through in fair shape.

Castle & Cooke, Ltd.—one of the "Big Five"—had a lot to do with the united-front operation against Bridges in 1949—and was bitter about the capitulation. Its president, A. G. Budge, is a Hapco vice-president, and Castle & Cooke and its subsidiaries own about half of Hapco's stock. Thus Castle & Cooke is materially interested in the new showdown.

• **Other Embroilments**—The Lanai strike is just one phase—though currently the most important—of a growing pattern of labor troubles in Hawaii.

For instance, Ronald Jamieson, who recently resigned as Territorial mediator in the Lanai strike, advised Gov. Long: (1) "The loss of the big summer (pineapple) crop on Lanai appears inevitable."

(2) "It appears that relations between the longshore industry and the ILWU in Hawaii will be unsettled for some time to come, either with or without a strike." The Hawaiian stevedoring contract is on a day-to-day basis because the Wage Stabilization Board hasn't approved a pension plan agreed on in industry-ILWU bargaining.

(3) "It appears likely that a very long strike by the ILWU against sugar companies will begin Sept. 1." Industrywide sugar contracts expire Aug. 31. ILWU is advising its 18,500 sugar workers on 26 plantations to get set for a four- to six-month strike. The union wants a \$1-an-hour minimum pay rate; a 40-hour week instead of the present 48; and a union shop.

• **What's at Stake**—The only strike ILWU has really lost so far since moving into Hawaii was its 1947 strike in the pineapple industry. It got absolutely nothing then. On the docks and in the sugar industry, particularly, some employers are in such a precarious position that they have to settle a labor dispute quickly—or go out of business. But there are no weak sisters to hamper Hapco in its fight with ILWU.

So, with labor troubles boiling up on docks and on sugar plantations, the Lanai showdown fight takes on wider meaning. A defeat for the union on the pineapple island obviously would take a lot of heart out of dock workers and sugar workers—possibly bar strikes in those industries, in which Hapco and Castle & Cooke have important stakes.

## LABOR BRIEFS

A 12¢ raise agreed on by Firestone and Goodyear for three Canadian plants under CIO contract may set the rubber industry's sixth-round wage pattern. But the United Rubber Workers is cautioning members not to count on it. U.S. Rubber has offered an 11¢ raise in this country; Firestone has offered 9¢.

• **Diesel motors** will not be allowed underground in mines worked by United Mine Workers members, UMW warns. Although the U.S. Bureau of Mines has O.K.'d them, UMW fears "potential explosive hazards and poisonous fumes."

• **AFL pattern makers** last week cracked the nonunion front of Mesta Machine Co. workers in Homestead, Pa., to become the first union at Mesta since AFL's molders lost out 50 years ago. It will bargain only for a splinter unit of 70 patternmakers. CIO's steel union has tried several times to organize the whole plant—located in a CIO stronghold.

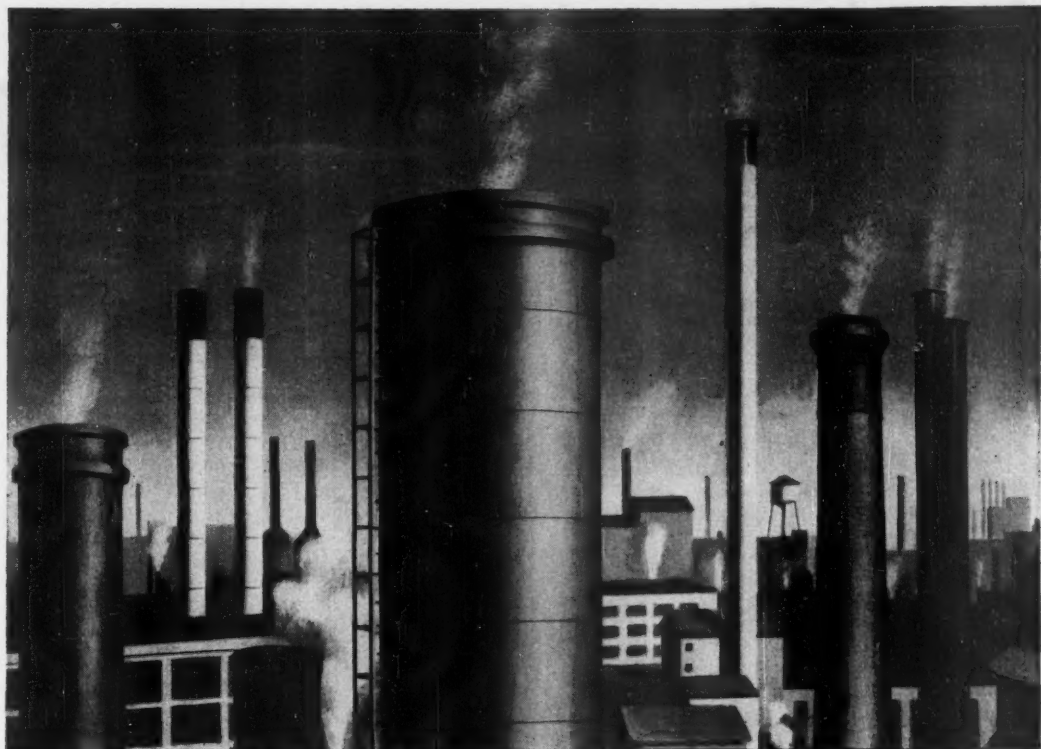
• **An anti-Lewis suit**, charging the United Mine Workers president and other welfare-fund trustees "dissipated" the fund in payments to ineligible persons, was dismissed in court this week. The complainant, former UMW miner George Livengood, is planning to appeal the decision.

• **Union work stopped** last week when 15 office workers employed by two AFL unions in Paducah, Ky., struck and posted pickets in a wage dispute. Office personnel of other AFL unions in the same building refused to cross the picket line.

• **A sports union** for professional baseball, football, and basketball players may be set up by AFL. Such a proposal is on the Federation's executive council agenda for next week. Efforts have been made before to unionize baseball players—but never seriously or successfully. Man behind the new proposal: Marty McManus, former American Leaguer and one-time manager of the Boston Red Sox.

• **No grace period** was provided for in a union shop clause negotiated by Green Bay Drop Forge Co. and the United Electrical Workers—so NLRB last week ruled the whole clause invalid. Board held that workers mustn't be required to join a union until they've been on the payroll for a period of at least 30 days.





## What keeps 240,881 factories going?

Your clothes, your carpet, your mirror, your desk, your car . . . practically every product you see or touch in your daily life was made or finished with chemicals. For the huge U. S. chemical industry supplies every one of the manufacturers in the nation!

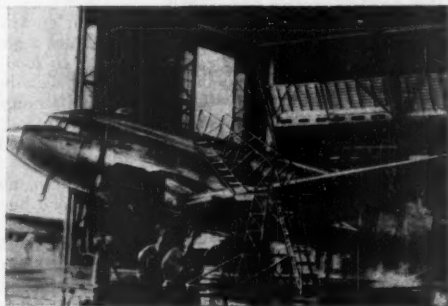
Chemicals serve both peacetime uses and the preparedness program. An example is the synthetic detergent, Wyandotte Kreeon. It is used in the metal processing of parts for airplanes and other military equipment as well as consumer durable goods.

Because of its unique wetting action and detergent qualities, Kreeon is also widely used in household and industrial cleaning products for laundries, dairies and canneries. It is employed, too, in processing leather, rubber, coal and insecticides.

Your defense orders may call for a metal cleaning operation. Wyandotte has products which meet the requirements of JAN-C-490 Grade II, Types 2 and 6.

If you have any chemical or cleaning problems, you'll find it profitable to consult Wyandotte.

"Kreeon" Reg. U. S. Pat. Off.



*Kreeon was used in the Wyandotte Paint Strippers which roadied "mothballed" transport planes for the Japan Air Lift.*



REG. U. S. PAT. OFF.

**CHEMICALS**  
 WYANDOTTE, MICHIGAN  
 OFFICES IN PRINCIPAL CITIES

- ORGANICS
- INORGANICS
- SPECIALIZED CLEANING PRODUCTS

# MARKETING

## The 20 Biggest Retailers and How They Grew

	RANK			SALES (in thousands)			% GAIN IN SALES	
	1950	1949	1939	1950	1949	1939	'49-'50	'39-'50
Great Atlantic & Pacific Tea Co.†	1	1	1	\$3,179,792	\$2,904,578	\$990,358	9.5	221.0
Sears, Roebuck*	2	2	2	2,556,371	2,168,928	617,414	17.9	314.0
Montgomery Ward*	3	4	3	1,170,462	1,084,436	474,882	7.9	146.4
Safeway Stores	4	3	4	1,100,852	1,095,064	385,882	.5	185.3
J. C. Penney	5	5	6	949,711	880,200	282,134	7.7	236.6
Kroger Co.	6	6	7	861,242	807,739	243,357	6.6	253.9
F. W. Woolworth	7	7	5	632,135	615,650	318,840	2.7	98.7
American Stores†	8	8	10	469,771	416,644	114,824	12.8	309.1
Allied Stores*	9	9	14	439,908	407,838	112,122	7.9	292.3
May Dept. Stores*	10	10	12	416,689	392,915	103,905	6.1	301.0
Federated Dept. Stores*	11	11	11	389,065	358,551	110,114	8.5	253.3
First National Stores†	12	12	9	371,853	344,171	131,041	8.0	183.8
R. H. Macy*	13	13	16	335,642	314,540	130,434	6.7	157.3
National Tea	14	16	19	315,219	274,332	56,824	14.9	454.7
S. S. Kresge	15	14	8	294,838	288,666	153,911	2.1	91.6
Gimbel Bros.*	16	15	15	291,077	280,832	92,231	3.6	215.6
W. T. Grant*	17	17	13	250,574	233,168	103,762	7.5	141.5
Marshall Field	18	18	18	222,899	207,803	84,029	7.3	165.2
City Stores*	19	19	—	205,704	182,303	41,450	12.8	396.3
Food Fair△	20	—	—	205,644	164,625	24,498	24.9	739.4

\* Years ended January 31, 1950 and 1951.

† Years ended March 31, 1950 and 1951.

‡ Years ended February 28, 1950 and 1951.

△ Years ended April 28, 1950 and 1951.

1. BUSINESS WEEK

## Food Stores Gain; Varieties Lag

The retailers' boxscore has held pretty steady for a decade. But the ranks have shifted around, and two new stores—City Stores and Food Fair—have nosed out Colonial Stores and S. H. Kress.

• **Buying Pattern**—If you look closely, though, the list shows a pattern in consumer buying behavior:

• Food sales are growing. Food store sales have risen from \$10.9-billion in 1940 to \$31.6-billion in 1950.

• Sales of variety stores are on the way down.

Percentagewise, the changes are not great. In fact, as a percent of total retail sales, the food group was down slightly in 1950, from 23.6% to 22.6%. Durable goods have got the big breaks as a percentage of over-all sales.

But on the basis of disposable income, food and alcoholic beverages together are taking a bigger share than they did before and during World War II—29.8% of disposable income in 1950 as against 28.5% in 1945. When you are dealing with billions of dollars, a percentage point or so makes a considerable difference.

• **Reasons for Growth**—Price rises account for some of the upsurge in food

sales. But there are more important factors. The main one is the climb in income, especially in the lower income groups. High employment, a growing population contribute, too.

There's no doubt, either, that the dynamic growth of the supermarket accounts for a good deal of what is happening to food retailers. According to a study made by This Week magazine, chains accounted for \$27.1-billion of total 1950 food sales; independents and cooperative groups accounted for \$16.9-billion.

The auto, too, gets credit for much of the food business' growth—plus self-service and cash-and-carry, which keep prices low; the five-day week that makes for heavy Saturday shopping; and the fact that supermarkets are continually adding new lines so that you can find everything from bakery goods to cosmetics and pet foods all in one spot.

• **Fastest Grower**—Food Fair, the latest comer in the list of the Big 20 has made the biggest gains. Its increase of 24.9% from 1949 to 1950 was the biggest for the year; and its growth of 739.4% from 1939 to 1950 is by far the biggest for the 11-year span.

Most food chains are cutting down the number of outlets; Food Fair is adding them. It had 73 stores in 1940, 120 in 1950, and has more coming up every month. Unlike some of the other chains, Food Fair went in for super-market service early—some 30 years ago. And as it grew it added supermarkets. That probably explains why Food Fair chalked up what it calls the largest per-store sale in the business—\$1.5-million.

• **Strikes Hurt Safeway**—Safeway alone among the food chains in the Big 20 showed only a small gain last year over 1949. Safeway, which ranks second only to A&P in the food group, says that strikes last year kept its sales down. For some six months, 63 of its retail outlets were closed. Even so, it kept its ranking in the food group—though it lost out to Montgomery Ward for third place in the whole 20.

• **Varieties Stunted**—Except for Safeway, the bottom rankers in percentage gained are all in the variety group—Kresge, Woolworth, and, for the long term, Grant.

The variety stores have a ready explanation for their small showing. First, because their merchandise generally has

a top limit of \$5, they do better than higher-priced stores during a depression. Conversely, their gains are lighter in a time of rising incomes.

The post-Korea buying spree that brought the retailers so much gravy did little for the variety store. As one spokesman put it, people don't go scare-buying for 10-cent utensils; they put their money into dish washers and television sets. Last year's bonanza pretty much passed the variety store by.

Growing competition from supermarkets, bargain basements, and drug stores is another drag on variety store sales. When you can pick up your cosmetics as well as your daily bread at a supermarket, you're less likely to drop in at the five-and-ten.

• **Cheerful Note**—The variety merchandisers are not at all discouraged—witness Woolworth's plans to lease about half the space in Webb & Knapp's projected new building in midtown Manhattan. The July issue of Variety Store Merchandiser reports that variety store sales for the first five months of 1951 were at an all-time high—\$244-million—9% ahead of the same 1950 period. According to the Harvard Business School, Division of Research, variety store profits ran 5.5% of net sales in 1950; department stores ran only 3.8%.

• **Department Stores Hold**—The department stores continue pretty much to hold a middle ground. Their gains between 1949 and 1950 ran mostly around 7.5%. Allied Stores still keeps its place at the top of the department store group—if you except J. C. Penney, which rates as a junior department store. One good reason: This spring Allied realized an ambition of long standing; it got a foothold in Manhattan by buying Stern Bros. big department store (BW—Mar. 31 '51, p. 78).

In point of percentage gains, City Stores made the best showing on a short-term basis, with a 12.8% rise. As in the case of Food Fair, the addition of new plant was a major factor. During 1949 City Stores got a controlling interest in Franklin Simon, big New York specialty shop. Besides Franklin Simon, the company operates another specialty shop—Oppenheim, Collins—plus 10 department store chains.

Since the end of 1950, City Stores has continued to build up its strength. Last month Herbert Schwartz, president, announced that it had taken over Lansburgh & Bro. through an exchange of stock. Lansburgh is one of the oldest and biggest department stores in Washington, D. C. It will swell City Stores' sales volume by around \$20-million. City Stores itself is controlled by Bankers Securities Corp.—which this spring added to its department store roster by buying up N. Snellenberg & Co. in Philadelphia.

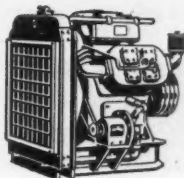
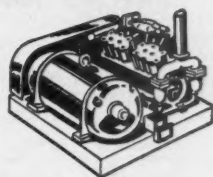
## Competition getting keener?

# Sealed Power

## PISTONS • RINGS • SLEEVES

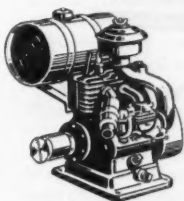
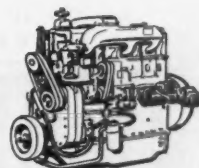
### can help give you the edge!

If your product uses pistons, you can use Sealed Power products to advantage. That advantage might well give you the edge you need to meet and beat your toughest competition.



Many manufacturers outside the automotive field are now profiting by the forty years of successful experience gathered during Sealed Power's leadership in that field. *Sealed Power products are used as original equipment by manufacturers of more than 80% of all makes of passenger cars and commercial engines.*

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**Best for every industrial use**

# Sealed Power

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CYLINDER SLEEVES**

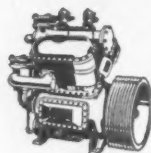


## "Modern Hospital of the Year" Uses



### Air Conditioning & Refrigeration

The Comanche County Memorial Hospital at Lawton, Okla., chosen as the outstanding institution of 1950 by the Modern Hospital magazine, has 100 beds, serves 60,000 people.



Frick NEW "ECLIPSE" Refrigerating Machines Have 2, 3, 4, 6 or 9 Cylinders, to Suit Any Need

Two Frick NEW "ECLIPSE" compressors, of 30 hp. each, provide air conditioning, and two other Frick machines cool four boxes for food service. Installation by the King Engineering Co., Frick distributors at Oklahoma City. Paul Harris, architect.

For your "project of the year" specify Frick cooling equipment.



who know stationery use **parsons paper**

If you want your letters to build prestige, to show that yours is a quality organization or firm, use Parsons Papers, made with new cotton fibers and the care and pride of craftsmen. Parsons offers seven types of fine papers for documents and stationery, from 100% new cotton and linen fibers to 25% new cotton fibers.



King Cotton, Parsons' guardian of paper quality, offers you a free package of fine Parsons Paper so you can compare. Write to Parsons Paper Company, Department 81, Holyoke, Massachusetts.

© PPC. 1951

## MARKETING BRIEFS

A fair-trade guide for manufacturers came out from National Retail Dry Goods Assn. NRDGA takes no stand on the merits of fair trade. But it urges: Let the manufacturer originate the contract; allow a fair markup and traditional discounts; get a written agreement if the law permits; and guarantee protection to the signer.

Rheingold beer moved from 18th place to fourth in brewery sales in the last nine years, Liebmann Breweries reports. Heavy promotion—such as the Miss Rheingold election, now coming up for 1952—is credited with a good part of the rise.

The Federal Trade Commission charged Necchi Sewing Machine Sales Corp., New York, with "false and misleading" advertising. Examples: Necchi's claims that its machine will do 100% of home sewing and that it "gives the housewife a tailor's skill."

Wrigley Stores in Detroit, with 27 outlets, took on Packers Super Markets, with 41 outlets, to make one huge supermarket operation. Wrigley president John Lurie thinks next year's sales will top \$75-million in the area.

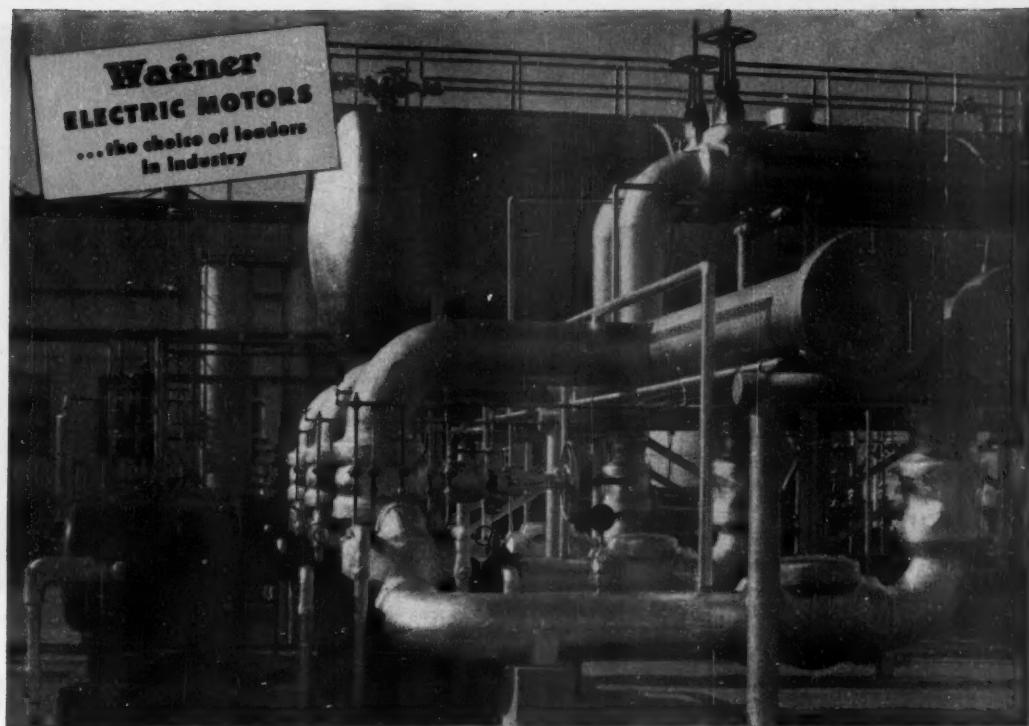
DuMont Television Network set up a new sports department, headed by Tom S. Gallery. Main purpose: to keep major sports events on home viewers' screens—not just on TV theater screens (BW—Jun.16'51,p24).

More rug cutting: Mohawk Carpet Mills dropped the 15% price increase that OPS authorized for its carpeting. . . . James Lees & Sons shaved 5% to 10% from its all-wool-face carpets. . . . Meanwhile, National Cotton Council of America is lining up manufacturers and materials suppliers for a \$50,000 promotion drive for cotton rugs.

Florida Citrus Growers are going into the orange juice frozen concentrate business in the fall under their Seald-Sweet label. That means new competition for California Fruit Growers' Exchange (BW—Jul.21'51,p100). And it will pay off an old score with Snow Crop, juice freezers who went into the growers' business.

Expanded Hooperatings for TV are C. E. Hooper's next project. He'll extend his present monthly ratings in New York, Detroit, and Los Angeles to cover 23 multistation cities if he can sign up 30 agencies or advertisers.





## to help buses smell better...

The Warren Petroleum Corporation is a well-known manufacturer of propane-butane gas, which is fast gaining popularity as a fuel for fleets of buses in many cities. It is low in cost and ... it practically eliminates obnoxious exhaust fumes!

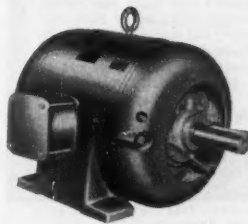
The photograph above shows hot oil pumps at the Maysville, Oklahoma gas processing plant of the Garvin County Plants, operated by Warren. These

pumps are driven by 100 horsepower Wagner Explosion-Proof Motors... an application typical of thousands where specialized requirements are met from Wagner's complete line of standard motors.

Whether it's a job of pumping oil, or any one of hundreds of other industrial operations... Wagner can furnish a motor with characteristics and qualities to do its part economically and well. Wagner engineers are

qualified to specify the correct motor for *your* requirements. Consult the nearest of our 31 branch offices, or write us.

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WM51-4

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**INDUSTRIAL BRAKES**  
**AUTOMOTIVE BRAKE SYSTEMS — AIR AND HYDRAULIC**



Roll-Easy



CASTERS

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4 Ways

- 1 Save man-hours by moving materials faster, more easily.
- 2 Pay big dividends in reduced maintenance trouble and expense, because Colson casters are engineered and built by craftsmen—for years of trouble-free service.
- 3 Prevent breakage of fragile products by smooth handling over all floor surfaces.
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Whether you're interested in one set of smooth quiet casters or a fleet of new trucks, Colson engineers can help you select or design equipment that will answer your materials-handling problem—exactly. Write us, or consult the yellow pages of your phone book (under "Casters" or "Trucks: Industrial") for the nearest Colson office.

THE COLSON CORPORATION  
ELYRIA, OHIO

Please send free 68 page catalog  
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Company \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

THE COLSON CORPORATION  
ELYRIA, OHIO



OUT-OF-THE-SPIGOT ice cream is more than a splash on the vest to Irving Copeland (right). His four stores are meccas for urchins, professors, shoppers.

## Ice Cream at the Melting Point

Soft frozen desserts are gaining favor with the American palate. Ice cream manufacturers aren't worried, but are studying the trend.

More Americans are taking their ice cream softer and warmer these piping hot days. "Soft ice cream"—an amorphous group including iced milk, frozen custard, some milk sherbets, and chilled rather than frozen ice cream—has built a boomlet for itself, mainly in the Midwest and the Far West markets.

While its much bigger brother, hard ice cream, has lost a little ground since its 1946 peak, the softs (the kind you squirt out of a freezer straight into a cup or cone) have come up fast since the end of the war. Estimates on total production range from 30-million gal. to 50-million gal. a year.

• **What Is It?**—There's considerable hassle in the frozen dairy products industry as to just what soft ice cream is. To the regular trade, it isn't ice cream at all; it's ice (or iced) milk, frozen custard, and the like. That's because much of the soft dessert doesn't meet the butterfat standards of many states for ice cream.

Generally, states that do have requirements for ice cream set a minimum of 10% butterfat; most soft ice cream runs 4% to 6% butterfat.

On the other hand, some soft ice cream is practically identical in content

—and on a butterfat score—with the hard.

• **Figure Confusion**—Because of the mixup on definition, there aren't any exact figures on the soft frozen dessert's progress. But one thing is clear. In 1949, the last year for which Dept. of Agriculture has broken down ice cream figures, regular ice cream production slipped about 3% from 1948 output—from 576.3-million gal. to 556.7-million. In 1950 it fell another 3% to nearly 540-million gal.—24% below its 1947 peak of 714-million gal. It seems to be making a comeback in 1951, though; early estimates are that it's 2% ahead of last year, for the first six months.

Meanwhile, ice milk jumped from 19.5-million gal. in 1948 to 25.4-million gal. in 1949. The somewhat anomalous group called "other frozen dairy products" (which includes frozen custards and frosted or malted milk) jumped from roughly 5-million gal. to 7-million.

• **Mushrooming Business**—Quick profits and easy operation help explain the rash of small, snappy slurping stations popping up along roadsides and in towns throughout the middle and western states. Nobody knows exactly how many custard cornucopia stores and chains

**DAY**

**OR NIGHT Exactly Alike!**



"...It is my honest opinion that a good dealer sign is the first and most important step for a dealer who wants to capture the direct benefits in his community from a nationally advertised brand name product...We are well satisfied with the signs you are producing for us."

*E. H. Champion*  
E. H. CHAMPION, MERCHANDISING MGR.  
THE LENNOX FURNACE COMPANY

**YOU CAN PUT YOUR NAME**

**OUT IN FRONT OF YOUR DEALERS, TOO!**

New Plastilux "500" is the lightest, brightest, most economical sign ever developed. Costs less than any other sign of comparable illuminated copy. Ships at regular rates . . . as low as one-eighth the rates certain carriers charge for neon.

Consumes only a fraction of current of comparable illuminated copy in neon letters, yet furnishes four times as much light per watt of current used. Operates on low voltage and is not subject to the shorts or electrical failures so common in neon signs which require high voltage, and where neon tubes on faces of signs are constantly exposed to rain and sleet.

Dealers clean the smooth Plastilux sign face with a damp rag. No fragile outside tubing to break, no tubing supports and other "plumbing" to interfere.

Highest day and night visibility, no shadows at any time. Lights up with 500 lumens per square foot. Your trade-mark perfectly duplicated in shape and color to look and read the same, day and night. We can reproduce any color combination, any shape, outline, or size.

All signs guaranteed a full year. Get details of our free design service and information on how Plastilux "500" signs pay for themselves.



**EASY TO MAINTAIN**

**Plastilux**  
Pat. No. 2,503,672  
**"500" SIGNS**


Manufactured only by **NEON PRODUCTS, Inc.**, 301 Neon Ave., Lima, Ohio  
Creators of "Signvertising"

Exactly alike — day and night . . . this revolutionary new illuminated sign gives you facsimile copy . . . any size, shape or color . . . plus durability and economy.



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Offices: New York — Circle 5-7570; Chicago — Ardmore 1-9400; Los Angeles — Hollywood 9-8697; Detroit — University 1-3606; Lima — 40141



*In these hands...  
reflection of good  
sound management*

A clean, modern washroom with a good supply of hot water, soap, and ScotTissue Towels shows a high regard for employees... helps to build better relations. You won't find a softer, more absorbent towel than famous ScotTissue. They stay tough when wet and they're less expensive in the long run, because one towel dries both hands.

Washrooms rank as one of the four most important factors in good working conditions—according to a survey of workers from 400 plants. Always specify ScotTissue Towels, and you'll be doing your organization a real favor. For suggestions and sample plans on how to improve washrooms generally call on the Scott Washroom Advisory Service, Chester, Pennsylvania.

Trade Marks "ScotTissue," "Washroom Advisory Service," Reg. U. S. Pat. Off.

**SCOTTISSUE TOWELS**  
Symbol of the right kind of washroom

there are. Dairy Queen, in Davenport, Iowa, is one of the big ones; it estimates that its ice milk, distributed through some 1,600 outlets, accounts for about a third of the yearly gallonage of the soft desserts.

But whether it's soft ice cream, ice milk, milk sherbet, or something else, the central gimmick behind the whole soft frozen dessert product is an electrically operated machine, from which you pour out the confection at temperatures ranging from 16F to 19F, much as water comes from a tap.

• **Success Story**—Take the case of Irving Copeland. In June, 1950, he set up shop with Dari-Delite soft ice cream in Bloomington, Ind.—home of the University of Indiana. Copeland, a 42-year-old Columbia graduate, managed a chain drugstore in Lafayette, Ind., after his stint in World War II service. Then, he says, he "noticed this thing growing."

He paid down \$5,000 to Dari-Delite, of East Moline, Ill. This gave him a franchise for his area. It also paid for all his equipment outright except for the freezer; he will own that, too, after 10 years if he keeps his shop to Dari-Delite standards.

He buys his mix for from 75¢ to \$1.25 a gal.—depending on the formula. In Indiana Dari-Delite has the 10% butterfat required of ice cream; in Illinois it sells ice milk, with a 6% butterfat content. (The company cuts down on butterfat where it can because, it says, it believes in concentrating on the protein content.) He pays Dari-Delite a \$2.50 royalty on each 10-gal. can he buys. Dari-Delite figures that the profit on an average operation of 600-can sales is some \$9,780.

Ever since he opened his store in Bloomington, Copeland says he has made money. He now has three other stations, in nearby Kentucky. They are all small; usually a man and his wife run them. He himself runs the Bloomington station with the help of a university student and a teen-ager or so. He scampers from shop to shop to supervise the others.

• **Seasonal Factor**—It isn't all roses, Copeland admits. It's a seasonal business. And it's food business, which means the competition is tough. But Copeland thinks he's in it to stay. Urchins, professors, students, and shoppers like the quick turn-of-a-screw service. And they like its flavor.

The huge hard ice cream industry eyes the upstart rather disparagingly. It looks on it as inferior to ice cream—a point that the soft frozen dessert companies dispute hotly. The regular trade points to the passing of the old carnival custard stands of the 1920's. Nevertheless, some of them are figuring out new machines to convert hard ice cream to soft.



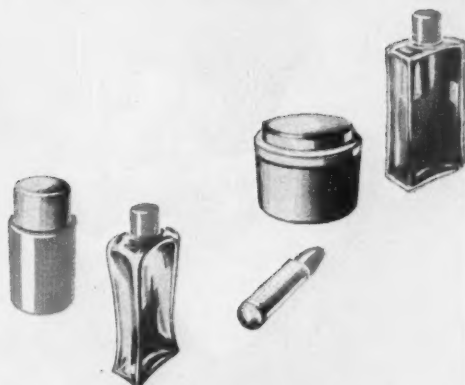


## Where appearance counts so much...



20 of the 28

proved benefits of  
Plaskon molded color  
help make closures and  
containers better!



*W*HEN you have 28 highly diversified properties in a material, chances are no one product can use them all to advantage. However, in many products a majority of the 28 distinguishing properties of Plaskon Molded Color have proved to be benefits. Here, for example, are 20 reasons why Plaskon Molded Color is the ideal choice for closures and containers.

*Low moisture absorption*  
*Excellent moldability*  
*Reproduces mold dimensions accurately*  
*No dimensional change due to warping or after-flow*  
*Withstands simple machining operations like tapping and drilling*  
*Economical to use*  
*Light in weight*  
*Wide range of translucent and opaque colors*  
*Permanent, non-fading, solid colors*  
*Colorful uniformity*

*Smooth, non-porous, easy-to-clean surface*  
*Surface warm and friendly to the touch*  
*Odorless, tasteless and inert*  
*Won't tarnish or corrode*  
*High tensile strength*  
*Resistant to chipping, checking or shattering*  
*Resistant to dilute acids and alkalis*  
*Unaffected by oils, fats, greases, waxes*  
*Completely resistant to commercial solvents*  
*Retains surface lustre upon aging*

Whatever you make that can be produced of plastic by compression molding, it may pay you well to learn the many properties of Plaskon Molded Color—Urea or Melamine Formaldehyde—which could help make it better.



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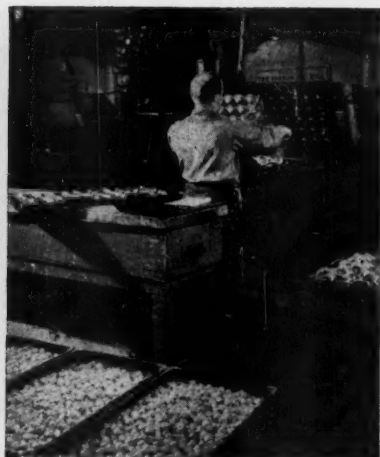
# PLASKON.

MOLDED COLOR

# MANUFACTURING



**4** Balls are now ready to be covered. They have been dipped in sticky cement, which enables the girl to pick up about 20 at a time from the conveyor belt.



**1** Mold press makes tennis ball halves out of little chunks of rubber (foreground).



**5** Machine helps worker smear binding material on edges of high-grade felt covers.

## Tennis Balls Keep Company Bouncing

Some crippling strikes after World War II took most of the luster from Pennsylvania Rubber Co. at Jeannette, Pa. But the humble tennis ball has restored at least some of it.

In its palmiest days, the company had ranked well up in the rubber industry, with over 2,000 employees turning out a variety of items including the well-known Pennsylvania Vacuum Cup tire. The strikes ended all that and convinced the owners that they wanted to sell out. They did—to General Tire

& Rubber, for what some say was a song.

The new owners proceeded to strip Pennsylvania way down. The tire-making equipment was shipped to Italy. Eventually, the company was left with an empty, ghostly plant, and a small but thriving ball business.

• **Tennis Star**—Pennsylvania Rubber had always had a powerful place in the tennis ball industry. Lately it has owed much of its standing to a machine invented six years ago by master mechanic

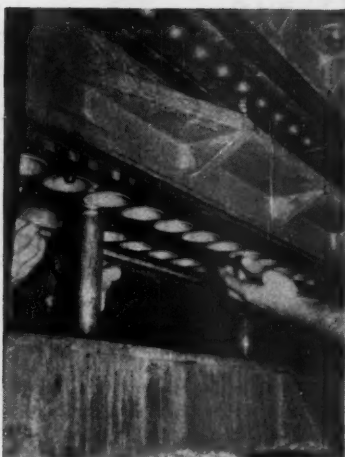
A. F. Larabee. The machine has been a jealously guarded secret; picture No. 6 is its first published portrait.

Pennsylvania Rubber has three of the machines. The principle is something like a vise. The machine comes to grips with the ball in four different positions. By the end of the fourth squeezing, the cover is tightly sealed on.

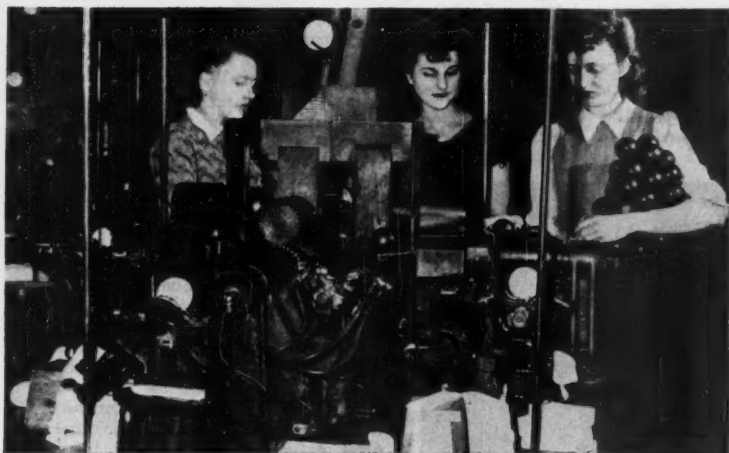
The machine, with its crew of three, can handle 600 balls an hour. It has one peculiarity. It could have been designed to revolve, while the operators stood



**2** Skilled operator can trim something like 1,700 ball halves every hour.



**3** Press molds ball halves together. Pennsylvania Rubber has four such presses.



**6** This tricky covering machine—bedecked with patents—is big reason for Pennsylvania Rubber's high place in tennis ball field. It can handle 600 balls an hour.

still. But it wasn't. The machine performs its complicated chores in stationary dignity; the three girls march around it in an endless procession.

Despite this lack of mechanized chivalry, the machine is still the key to Pennsylvania's current output of 23,000 balls a day—the figure could be upped to 26,000 if necessary.

• **Other Lines**—Tennis balls aren't the only arrow in Pennsylvania's remodeled quiver. The company turns out ordinary play balls and a variety of products like rug underlays and foam rubber matting, basketballs, and some rubber mechanical goods for the auto industry. Employment is about 500.

That's a far cry from the old days, but Jeannette's population is pinning hopes of more jobs on a new type of ball. Pennsylvania has developed an all rubber football, which will be introduced this fall. Pro players from the Cleveland Browns who have tried it out say it's rugged and excellent for passing.

General Tire is getting deeper into chemicals, especially at the plastics end. Some of this work is already being fed into the Jeannette plant. It looks now as though this type of work, plus the athletic ball business and goods for the auto industry, might someday fill up the huge old plant.



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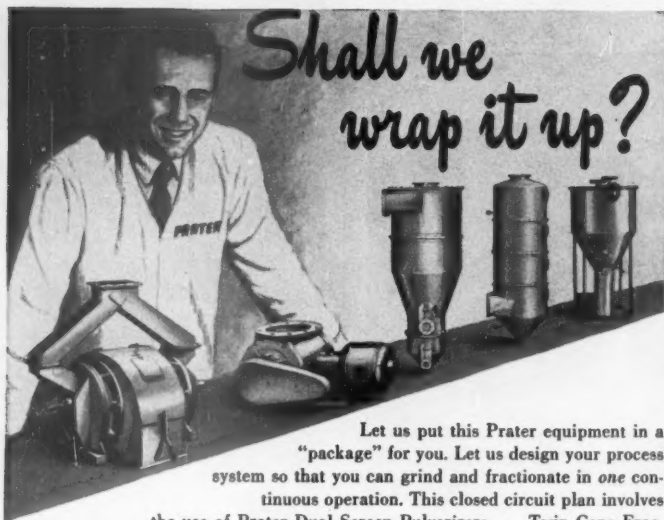


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## PUBLIC WORKS

### Stranded Seaway

Congress is shelving action on St. Lawrence project for another year, despite defense pleas. Canada may act on its own.

A defense-priority tag wasn't enough; despite it, Congress seems to have balked at the St. Lawrence Seaway (BW-Feb.17'51,p98) for at least another year.

Last week the House Public Works Committee, by a 15-12 vote, sidetracked legislation that would have provided for U.S. participation in the seaway. The vote was the closest the pro-seaway people have ever managed, but it wasn't close enough.

In the Senate, where the Foreign Affairs Committee has similar legislation in hand, there seems no possibility of any action being taken before the recently announced adjournment in September.

• **Go It Alone**—The action of the House committee revived the Canadian threat to go it alone, if the U.S. fails to cooperate. An all-Canadian seaway was scheduled for cabinet consideration in Ottawa last week. Hints of action are seen in the outspoken criticism of U.S. delays, voiced by Prime Minister Louis St. Laurent and other officials. The Canadian project would not require United States approval, since it would run entirely in Canadian waters.

The bill the House committee killed called for a bond issue to raise the U.S. share of funds for the \$800-million project. It also approved construction of a 2.2-million-kw. hydroelectric plant at Barnhart Island in the International Falls area. The power facility would have been under federal control. Earlier resolutions, which were also rejected, had provided for New York State control.

• **Presidential Pleas**—President Truman had repeatedly urged Congress to act favorably on the seaway. In his midyear economic report he cited it as an example of projects "especially needed in a defense economy."

The Council of Economic Advisers had added its voice to the President's, as had defense mobilizer Charles E. Wilson.

Despite these weighty pleas, the congressional nonaction came as no surprise. Every President since Woodrow Wilson has urged the seaway, without succeeding in budging congressional inertia.



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Did you know that over 98 per cent of the gasoline sold for motor use today is improved with antiknock compound? And that, because of antiknock compound, gasoline generally averages about ten octane numbers higher in antiknock quality than it otherwise would?

Antiknock fluid offers petroleum refiners a relatively inexpensive and convenient way of stepping up the power of gasoline. So it is easy to think of its use entirely in terms of benefits to the petroleum industry. However, the mixing of antiknock fluid with gasoline sets up a "chain reaction" which benefits vast numbers of people right down the line. Among these are:

**The automobile manufacturer** who can design engines to take advantage of high octane gasoline and so give more power and better mileage.

**The car owner** who enjoys the extra performance and economy of a high compression motor.

**The truck operator** who can carry more goods at lower cost because the extra power of high compression engines improves the performance of his trucks.

**The armed forces** who can pack more power into the engines that power tanks, self-propelled guns, military trucks and other vital equipment.

**The bus operator** whose passenger-mile costs are reduced as engine efficiency is raised.

**The farmer** whose tractor will do more work per gallon of fuel when it is equipped with a high compression engine designed for gasoline improved with antiknock fluid.

**The airline operator** whose engines require gasoline of extremely high octane number for satisfactory operation. (Aviation gasoline contains greater amounts of antiknock fluid than is usual in automotive gasoline.)

Thus, a product which most people never see benefits almost everybody. As a matter of fact, the widespread use of antiknock fluid is one of the basic reasons why two gallons of today's gasoline will do the work of three gallons of 1925 gasoline—yet the price per gallon, excluding taxes, is about the same.



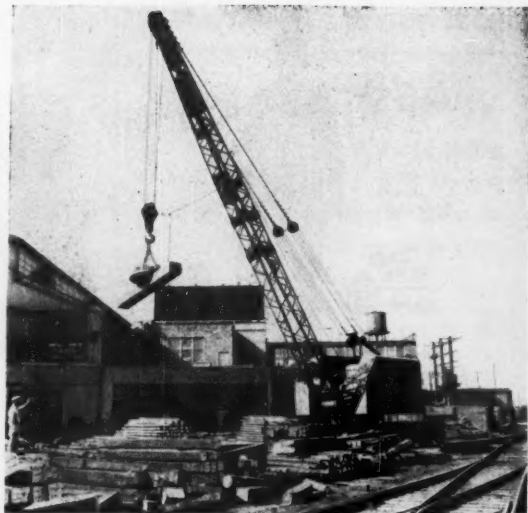
ETHYL CORPORATION, New York 17, N.Y.  
Makers of 'ETHYL' antiknock compound

# PREVIEWS

from the

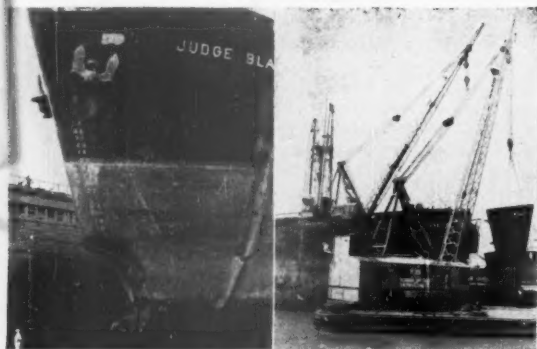
# CROSBY CLIPPER

These are excerpts from stories in the current issue of American Hoist & Derrick Company's house magazine, the American Crosby Clipper. If your business involves the use of hoists, derricks, locomotive cranes, revolver cranes, Crosby Clips or other equipment in our line, why not let us put your name on the mailing list. Use coupon on right hand page, to start with the current issue.

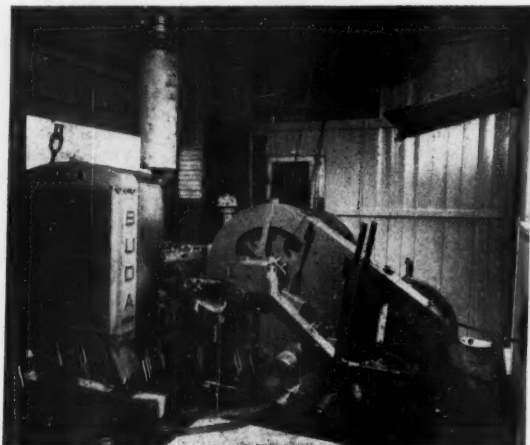


**How to pull scattered shops together.** A. Finkl & Sons Co., long-established Chicago forging company, grew up in a city that grew too fast. Plant No. 4 is four blocks away from No. 1. No. 2 is a block from No. 3. Yet huge, heavy ingots and billets must move swiftly between them all. To meet this dilemma, Finkl uses a 30-ton American Locomotive Crane . . . achieves fast, deft movement of biggest loads at lowest cost.

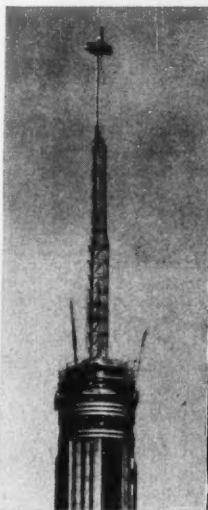
**New remedy for New York Harbor congestion.** As port authorities continue to wrinkle brows over inadequate cargo handling facilities, a Lee & Simmons lighter, the *Harding*, is loading and unloading faster than ever before. Reason is a new gasoline-powered American Hoist, replacing a slow, space-wasting steam plant. The compact new plant (shown below) goes to work faster and requires far less maintenance. For "before and after" pictures, see the *Crosby Clipper*.



**New nose for Judge Bland.** Traveling at full speed with a full load, the freighter *Judge Bland* hit a reef, crushed its bow, needed a whole new fore-section. So Alabama Dry Dock & Shipbuilding Co. cut the ship apart afloat, built massive new bow sections. To swing and place these enormous assemblies, they used a pair of American Revolver Cranes—one barge mounted, one on traveling gantry shown above. For more pictures of this ingenious job, see story in the current *Crosby Clipper*.



**New technique at Newport News.** Last word in modern shipbuilding is sub-assembly of huge components which are then fitted into the final hull. Since these units can weigh up to 100 tons each, shipways had to be re-designed to utilize fully this new technique. Stronger, heavier concrete ways replaced old, short-lived wooden structures. Heaviest new cranes selected were American R-30 Revolvers, shown on new rail platforms in picture. Entire project was designed by Newport News Shipbuilding and Drydock Company's engineer's office.



**Better TV reception for millions.** World's tallest building, the Empire State, is now 222 feet taller. Antenna on top of new steel TV tower will begin transmitting this year, for ABC, CBS, Dumont, NBC and other stations. All sets within 52 miles will be able to focus directly on the tower... first commercial simultaneous transmission from a single point. Built from the inside, tower's component parts were lifted via elevator shafts. Crosby Wire Rope Clips and American load-rated Blocks were used on the job.

**Handiwinch goes underground.** American Handiwinch is drawing new copper tubing through old gas lines for the Consumers Power Company of Lansing, Michigan. Saves time and cost of digging out old lines. Complete story in the *Crosby Clipper*.



The AMERICAN HOIST line includes: Hoists • Derricks • Locomotive Cranes • Crawler Cranes • Revolver Cranes • Portable Material Elevators • Handiwinch • Roofers Hoist • Marine Deck Machinery • Sugar Cane Handling Equipment • Car Pullers • Blocks and Sheaves • Crosby Wire Rope Clips

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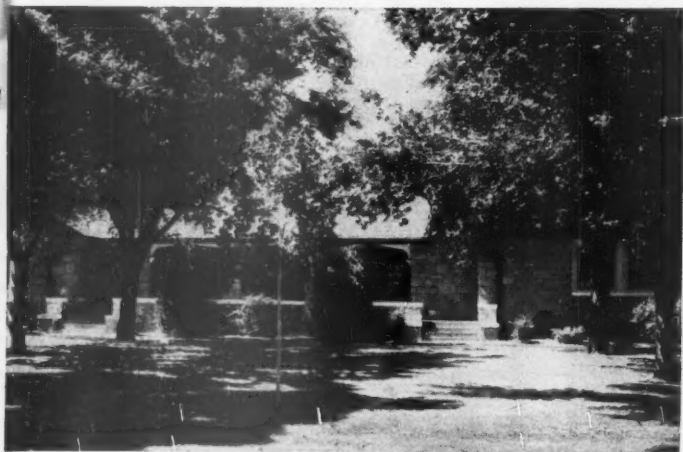
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# INVESTMENT



ROUNDUP AND BRANDING may be on the way out at second-biggest U. S. ranch if new owners decide to break it up.

## Matador: Last Big British-Owned Ranch Sold



HEADQUARTERS house at Matador has 18 rooms, is made of large native stone.

For nearly 70 years, one of the biggest parcels of land in the U. S. has been owned and operated by a foreign syndicate. Since 1882 the Matador Land & Cattle Co., headquartered in Dundee, Scotland, has operated the Matador Ranch. Located in the Panhandle of Texas, this is the second-largest cattle ranch in the U.S.; the biggest is King Ranch, in southeastern Texas. The Matador ranch covers 800,000 acres and runs about 50,000 head of beef cattle.

• **Into U. S. Hands**—Last week the Matador finally passed into American hands. A group of unnamed American companies, set up specifically for the purpose of buying the ranch, will pay out just under \$19-million to the Scotsmen. The buying offer was made through Lazard Brothers & Co., Ltd., of London.

After acceptance by 90% of the 700 stockholders, the sale became uncon-





# SALESOGRAPHY

*Shows You Millions  
Of New Customers*

## Geography Shows You Cities . . . Salesography Shows You People

**S**ALESOGRAPHY is the new concept in sales and advertising planning. Study your market through the powerful telescope of Salesography, and you will see 90,000,000 customers that you may have been overlooking.

Many sales managers and advertising men are thinking in terms of *geography*. They concentrate on getting distribution and advertising coverage in all the major cities—and think the job is done. But Salesography shows that this gives no assurance that their product is getting through to the ultimate consumer in the volume that it should.

True, volume sales of many items are made in the large cities. But to whom? Salesography shows that buying centers are, to a large extent, dependent on the purchases of small town customers. If you expect to sell these customers, they must be presold in their homes. Preselling is the function of advertising.

Salesography shows the extent to which small

town people go to the city to buy. It also proves that advertising directed primarily at city readers fails to reach the millions of small town customers whose purchases are counted in city store sales.

Remember, 90,000,000 Americans live in and around the smaller communities. **PATHFINDER** influences these often forgotten millions like no other medium. Being a news magazine, **PATHFINDER** is read by people of higher than average income and intelligence—the "leading citizens" who shape the buying habits of the community. In and around cities and towns of 25,000 or less, **PATHFINDER** leads all news magazines. This is the market where **PATHFINDER** concentrates 80% of its 1,200,000 circulation.

The **PATHFINDER** representative is trained to help you work out your distribution and advertising plans. Consult him—he is at your service.

# Pathfinder

**THE FAMILY**

**NEWS MAGAZINE**

WASHINGTON SQUARE • PHILADELPHIA, PA.

GRAHAM PATTERSON, *Publisher*

**GLOBE SPRINKLERS**



**FIREMEN EVERY 10 FEET**

**SOMETHING FOR NOTHING...**

Automatic sprinklers discover and stop FIRE. For property owners who do not care to use their own capital to pay for them, insurance savings may be used to pay for GLOBE Automatic Sprinklers over a period of years.

**GLOBE AUTOMATIC SPRINKLER CO.**  
NEW YORK... CHICAGO... PHILADELPHIA  
Offices in nearly all principal cities

**THEY PAY FOR THEMSELVES**

**NEW IDEA**  
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**EZE-STIK**  
Self-Adhesive Back  
Velour Flocked  
**CHANGE PADS**

**New Styling Proved Successful by Field Tests and Reorders\***

\*Before ordering these Change Pads, Carstairs, Beech-Nut, Brown & Williamson and others put trial runs to exhaustive field tests.

Immediate acceptance by dealers and product service men won substantial orders and re-orders for EZE-STIK Self-Adhesive Change Pads.

**EZE-STIK CHANGE PADS ARE**

**MODERN**—Lie flat on counter—no interference with package wrapping. Spice saving.

**ATTRACTIVE**—Monochrome or multicolor flocking. Eze-Stik self-adhesive back sticks to any smooth clean surface and remains indefinitely.

**VERSATILE**—Can be used on walls, mirrors, cash registers, otheis, store locations.

**Money Orders**

**THANK YOU**  
MADE THIS STORY YOUR  
HAPPY NEW YEAR GREETING!

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MADE THIS STORY YOUR  
HAPPY NEW YEAR GREETING!

**THANK YOU**  
**Dutch Boy**  
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Please send us samples and prices of EZE-STIK Self-Adhesive Change Pads.

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THE LASSO and the horse: still all-important to cowboys in a mechanized age.

ditional. Payments in dollars will be made on Aug. 2.

• **End of an Era**—In a sense, the sale of the Matador marks the end of an era—the domination of American cattle ranching by foreign interests. It breaks up the last British-financed land and cattle syndicate in Texas. During the days of the so-called "beef bonanza," from 1880 to 1887, between \$40-million and \$50-million in foreign capital—mostly British and Scottish—went into western ranches. It is said that at one point these foreign companies owned over 20-million acres of U.S. ranch land.

At the height of this beef bonanza, the 13 largest ranches on the western plains were owned by Europeans. Six of these were in Texas. The only one still surviving is the Matador.

• **Overstocking**—The biggest reason for the disappearance of the other big ranches is that the beef bonanza almost ruined the whole range country. When the big beef rush started in the early 1880's, almost all the land was in the public domain. Everybody in on it overstocked the ranges; there just wasn't enough pasture land to feed all the cattle. That in itself would, of course, eventually have caused serious financial trouble—in the form of starving cattle. But on top of the overstocking came a one-two-three punch by the weather.

It started late in 1885, with a terrible, howling winter that killed off cattle by the thousands. Right on its heels came a summer of severe drought over a widespread area. And as if that weren't enough, the winter of 1886-87, even more bitter than the one just before, left final devastation.

• **Shattered Boom**—When it was all over, the great cattle boom was shat-

tered. A great many of the ranches, both foreign-owned and domestic, were wiped out completely. The cattle men who were left, now chastised, realized that they would have to show more caution with their pasture land. To preserve the range, it had to be fenced. And to be fenced, it had to be owned. So the cattlemen, who up till then had been ranching on the public domain, began buying up sections of land, to fence it in.

The Matador Ranch had figured prominently in the beef bonanza—and with more success than any of the others; it is the only one from those days still operating as a unit. This huge spread had its beginnings at Ballard Springs in 1879. A seasoned rancher named Henry H. Campbell started it with the backing of a group of Chicago bankers, gave it the name of Matador Cattle Co.

• **The First Sale**—Campbell began buying and leasing state land in the area and stocking his new range. By 1882 he had a good solid spread—and the beef bonanza was under way. He was approached by a Scottish syndicate, which wanted to buy control. Campbell sold it for \$1.5-million, stayed on as manager for the new owners until 1891.

• **The Canny Scotsmen**—As last week's sale price of nearly \$19-million indicates, the Scottish owners were a canny bunch. During all those years, the ranch has been under the close scrutiny of the owners back in Dundee. One story about how careful they were runs like this:

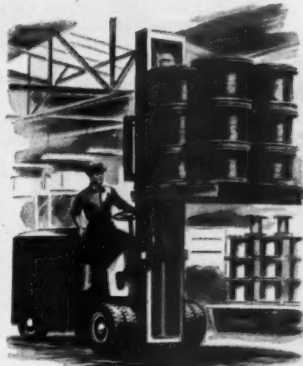
The ranch manager sent an estimate to Dundee that he expected his calf crop to run that year "about 10,000." The actual roundup proved him amazingly accurate: The count added up to

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During his lifetime all the genius and efforts of Thomas A. Edison were concentrated on furthering the progress of America by raising our standard of living through improvement of industry. Today we use virtually no goods nor services that at some point in their manufacture, delivery, or performance are not affected by EDISON products.

At home, in business, when we travel, even when we are ill—we are safer, more comfortable, and our work is made easier, thanks to Edison-made goods and equipment. The company that bears this honored name is continuing to develop and manufacture a wide variety of useful products for the benefit of industry—and you.

**Thomas A Edison**  
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**In Hospitals**—The EDISON TELEVOICE clinical recording system, the EDISON ETHERIZER, compressed gases and other hospital equipment aid patient welfare and medical efficiency.

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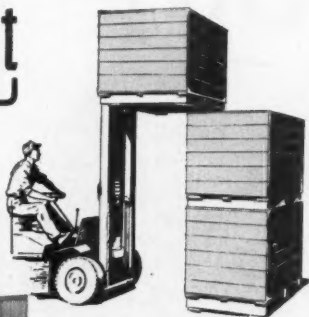


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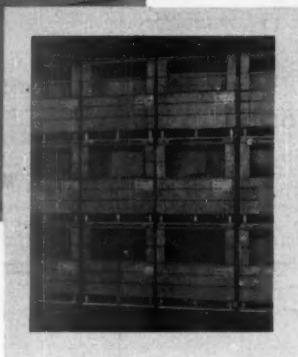


# Generalift

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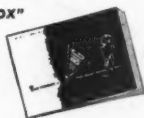
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**ALL TYPES OF ENGINEERED  
SHIPPING CONTAINERS**



General  
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General  
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General  
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General  
All-Bound  
Box



Generalift  
Pallet and  
Pallet  
Box



General  
Walk-In-  
Type  
Box

**" . . . Does future lie in oil rather than cattle? . . . "**

**MATADOR starts on p. 56**

exactly 9,973 calves. With considerable pride, the manager sent his figures to Dundee. Back came the dry question: "What happened to the other 27?"

• **A Good Thing**—Whether the story is true or not, there's no doubt that the Scottish owners have made a good thing of cattle on the Matador. Yet possibly an even better future for the Matador lies in a deal that involves oil, not cattle.

The ranch is actually divided into two. The southern part called Matador, covers 466,000 acres—running 56 miles north and south, 42 miles east and west. The northern ranch, called Alamocitos, is slightly smaller, with 394,000 acres.

On each of these ranches the astute Scotsmen leased out oil rights. Superior Oil Co. has a lease on the Alamocitos, Humble Oil Co. one on the Matador. Humble Oil is the only company that has done any drilling—and so far it has come up with 13 dry holes.

The new owners are well aware of the possibilities here. Just in case one of the lessees does strike oil, the owners have made an agreement to keep half the mineral rights. But they still insist that their primary purpose is to raise cattle.

• **Other Plans**—On the other hand, Lewis Nordyke, said to be more familiar with the Matador than any other newspaperman, has still a different view of the future.

In an article in the Amarillo (Tex.) Daily News last week, he said that eventually the new owners are going to break up the ranch, sell it in large, range-size blocks.

"It will be divided into cattle companies," said Nordyke, "and sold company by company. In years to come, some of these blocks may be broken up and sold to farmers who need from half a section on up." That will shatter the last relic of British influence on the Texas ranges.

But that is some time off. Present plan of the owners, Nordyke says, is to continue to run the Matador as a cattle outfit for a few years, at least. An oil discovery, of course, might make them change their minds.

• **Reason for Sale**—Why did the former owners agree to sell the ranch—especially at a time of booming beef demand and high prices? Nobody knows the exact answer. But the best guess is that they could get more money that way. That's because, while dividends are heavily taxed in Great Britain, there is no capital-gains tax.





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# Webster Electric Teletalk

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*"Where Quality is a Responsibility and  
Fair Dealing an Obligation"*

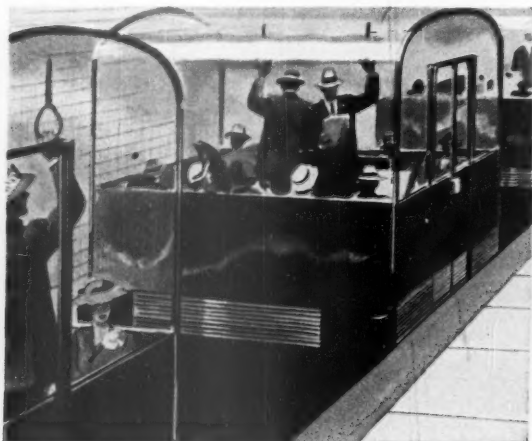




**Underground traffic jams** plague city Transit Commissions and passengers alike. Root of the problem is the periodic arrival and departure of trains, with streams of in-and-out-bound passengers meeting head on at the loading platforms. Adding more trains only multiplies the problem.

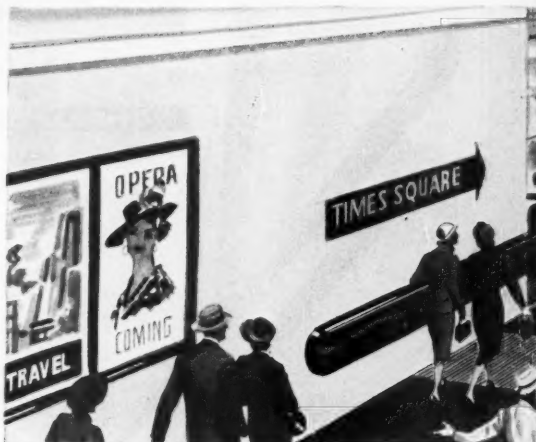
**Continuous, one-way flow** of these suffering human "sardines" has long been known to be the answer. And now the mechanical difficulties have been solved with a radical adaptation of conveyor belts. This new type passenger carrier can be installed, operated and maintained at far lower cost than any present transport method.

**Swift, comfortable safety** characterizes this new "rubber subway" that uses conveyor belt principles of constant loading, constant flow and never-ending discharge—the same principles proved in handling millions of tons of rock, coal and ore over the years by Goodyear "rubber railroads." Here's how this novel passenger-carrying conveyor belt transport system will operate: →



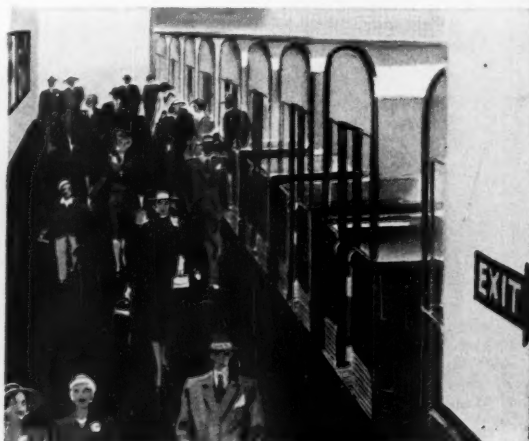
**The main line**—a 6-foot wide belt cushioned with rubber—will carry your car along toward the far end of the system. There a second set of rolls will decelerate it to a safe unloading speed to permit easy debarkation after your quiet, comfortable ride.

# NOW IT'S THE for safer, smooth



**No waiting for trains** to arrive, empty and reload. You step directly onto a slowly-moving conveyor belt platform. Its speed is less than half normal walking tempo, and moving handrails add to your

safety. From second conveyor you board safe motion. #



**End of the line** will find you stepping easily from a slow-moving car to a slow-moving belt without any relative motion between them—then onto conventional platforms leading to the street. Total time for your trip will be less than with conventional track-type subways.

FOR HOSE, FLAT BELTS, V-BELTS,  
MOLDED GOODS, PACKING, TANK LINING, RUBBER-COVERED ROLLS  
built to the world's highest standard of quality,  
phone your nearest Goodyear Industrial Rubber Products Distributor.

# GOOD

THE GREATEST N

# THE "RUBBER SUBWAY"

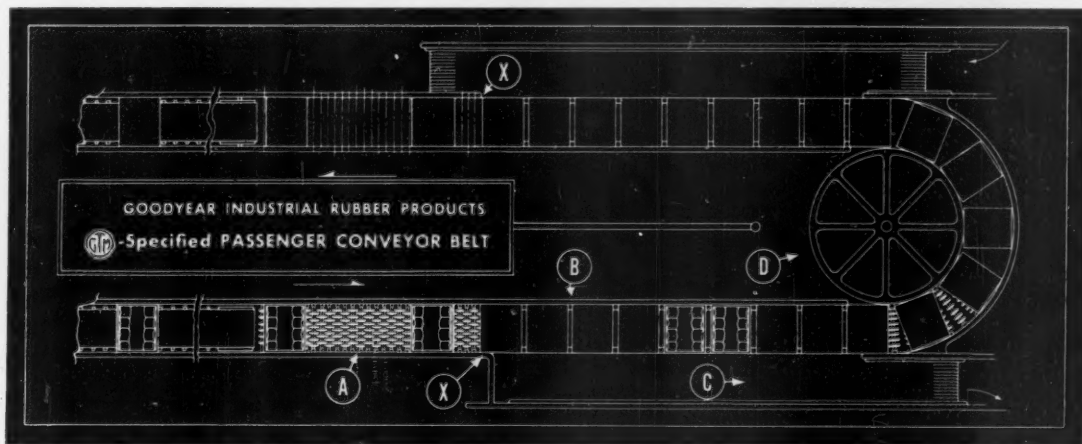
*...er, lower-cost rapid transit*



this belt you step into cars on a moving at the same speed so that they move easily and without any sense of

**Continuous stream of cars**, carrying 10 to 15 passengers and capable of moving up to 32,000 people per hour—far above present peak subway loads—means fast, congestion-free loading and

almost instantaneous departure. Leaving the station, an ingenious system of rubber-tired rollers accelerates the cars smoothly to 15 MPH, passes them to the main conveyor belt.



**Method of operation** is shown here schematically. Approaching the station, cars pass over rubber-tired deceleration rolls (A), move gently onto the slow belt (B) from which passengers step onto the platform belt (C) as easily as from a standing car to a stationary

platform. Empty cars turn the corner through a large wheel (D) and are transferred onto the loading conveyor running in the opposite direction. Devices at points X close or open doors in the cars to permit entrance or exit.

**Subway of tomorrow**, the conveyor belt system is specifically designed for low-cost installation, operation and maintenance, and for high-efficiency passenger transportation that meets the needs of cities, huge factories and other places where large numbers of people must be transported. Ask the G.T.M. how this "rubber subway" can answer your problems, or write Goodyear, Akron 16, Ohio.

**GOODYEAR**  
TIME IN RUBBER



# "Sterling" example

of **SPEED NUT** savings...  
56¢ per unit...80% assembly time

Sterling supplies new meters with Push-On SPEED NUTS—Mallory does assembly job 5 times faster—saves 56¢ per unit, according to letter from Mr. H. K. Mallory, Mgr. Rectifier Division, P. R. Mallory, Inc., to Mr. J. R. Clark of the Sterling Manufacturing Co., Cleveland.

"We have been using the Tinnerman Push-On fastener, as supplied with your Sterling meters, in our 6RS10 units for over a year now.

"We are very pleased with this new mounting means for your meters, especially because we were somewhat instrumental in your adopting it. Recent cost comparisons show that assembly of

the meter with the Tinnerman fastener proved to be five times as fast as the old ring clamp you used to provide... with a total savings of 56 cents per 6RS10 to us."

In the closing paragraph Mr. Mallory said: "Shows what can be done by using a little ingenuity in the solving of a problem." We certainly agree. Fastener ingenuity is our stock in trade... perhaps it can be applied to your problems. Call on your Tinnerman representative soon—and write for new "Savings Stories" edition. TINNEMAN PRODUCTS, INC., Dept. 12, Box 6688, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.

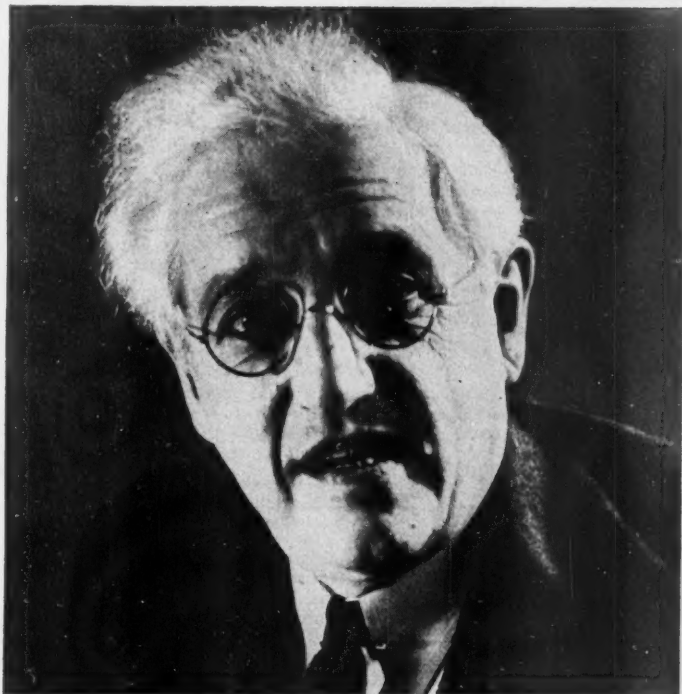
**THE OLD WAY**  
Ring clamp retained meter, using three screws, lock washer, threaded nut. Two screws were inserted through "ears" on ring to position meter.

**THE SPEED NUT WAY**  
Push-On SPEED NUT zips over meter. Four arched prongs "bite" into meter case, creating vibration-proof grip against panel of unit.

**TINNEMAN Speed Nut**  
FASTEST THING IN FASTENING



# BOOKS



ECONOMIST GOLDENWEISER: "Central banking is a craft."

## A Craftsman Plays King

The former chief of FRB's economists lays down rules he would set for U.S. monetary policy and direction. Among the changes: an end to the Reserve Board, a single reserve system.

Central banking is not a science. Nor is it an art. It is a craft.

That's the judgment of a man who has a right to speak on the subject—Emanuel Alexander Goldenweiser, for 25 years chief of the economics staff of the Federal Reserve Board.

Unlike science, which seeks facts and basic laws, or art, which seeks beauty and perfection, "Central banking tries to produce a serviceable commodity—economic stability." That, says Goldenweiser, makes it a craft.

• **A Tricky Medium**—And the craftsmen have troubles by the bushel and peck because the medium through which they work—the economy—is never fully known or stable. It is subject to many influences other than the central banker's instrument—money.

Goldenweiser knows that to most people central bankers, like atom-bomb makers, are mystery men. Central

banks, like our Federal Reserve, are bankers' banks with which most citizens have little or no contact. Talk of the volume of credit and currency, demand and supply of short-term and long-term credit, gold movements, interest rates, etc. is so much gibberish. And yet, what central bankers do or don't do plays a great part in whether prices rise or fall, whether loans are easy or hard to get, whether savings earn a higher or lower rate.

In a 362-page volume, *American Monetary Policy* (McGraw-Hill, \$5), Goldenweiser takes a long, hard look at how our central banking system, the Federal Reserve, is functioning. And he says what he thinks ought to be done about it.

The result, 14th in a series of book-length research reports sponsored by the Committee for Economic Development, is a first-rate job. It is a good book for



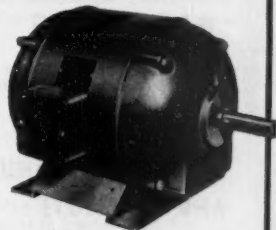
See how the End-Coils are insulated in R & M

## ALL-WEATHER MOTORS

• Maintenance money? You save it with R & M All-Weather Motors! One of the reasons for lower costs is *thorough insulation*.

You get full insulation of all coil windings as well as isolation of phase groups—an exclusive R & M quality "extra" for trouble-free, long service.

Only R & M insulates motors between the winding end-coils, yet you pay not a penny premium.



### PROTECTED INSIDE AND OUT AT NO EXTRA COST TO YOU

All-Weather Motors are completely "weatherized"—another R & M exclusive. And, because they're protected from rust and corrosion, you can use them anywhere.

All housing types, including explosion-proof and totally enclosed. Polyphase. Single-phase. D.C. Our finest in 50 quality years. Ask for Bulletin B-400-W.

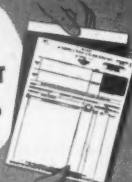
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**AMERICAN CHEMICAL PAINT CO.**  
AMBLER, PA.

**"... maintaining the value of government bonds is secondary to maintaining the value of the dollar..."**

BOOKS starts on p. 65

any businessman to include in his personal adult education program.

• **Record Spotty**—On the record, the Federal Reserve doesn't look too good. Since the establishment of the System in 1914, this country has suffered three great inflations and two depressions, one the worst in our history. Goldenweiser admits these blots on the record and finds that, aside from the two great wars in the period, some of the trouble could have been avoided. Action, he says, was not always sufficiently vigorous, prompt, or consistent. There were two reasons for this: (1) unrealistic concepts held by the Reserve as to its job; (2) over-complex organization that fostered delay in action.

• **Some Suggestions**—This is not to say that all is hunky-dory with the way things are handled now. Goldenweiser would make a lot of changes, were he king for a day. Here are some of them:

(1) Abolish the Federal Reserve Board. Substitute a single governor of the system to have cabinet rank and give him two deputy governors.

This, Goldenweiser claims, would make possible prompt decisions. And it would make it unnecessary for the chairman to force a quick decision by, say, making a speech on a certain matter without his colleagues' knowledge and then asking them to stick by him. Also, it would give the head of the Reserve System a seat at the high table of government. There would be a voice for monetary policy alongside that for fiscal policy, the Treasury. He is not worried that such an arrangement would compromise the independence of the Federal.

(2) All banks receiving deposits should be subject to the same reserve requirements as Federal Reserve members.

This step he regards as vital to keep the Federal from losing members if reserve requirements are increased further and state banking supervisory authorities don't keep in step. "To command with proper discipline an army that sanctions desertion as an inalienable right of every soldier would impose a superhuman duty on every general; yet this is the problem faced by the Reserve System." A realist, Goldenweiser knows that this proposal strikes fire with the majority of Congressmen who believe in the dual banking system as a part of our federal system of government. He is not too hopeful for this proposal.

(3) Market support operations for the federal debt should not be a responsibility of the Federal Reserve, but, to the extent necessary, of the Treasury itself.

This conclusion is one of the most urgent in Goldenweiser's study. He sees the end of the Federal's role as credit controller if its hands are tied by an obligation to buy governments whenever their prices sag. He feels the Treasury has the prime interest in this matter, and the money in its trust funds do the job. To him, maintaining the value of government bonds is secondary to maintaining the value of the dollar.

(4) The Federal Reserve Board should be granted additional power to raise bank reserve requirements, especially on increases in deposits above a certain level.

This is a compromise between the present system of fractional reserves and 100% reserves. Goldenweiser's discussion of this somewhat technical subject is one of the most lucid on record.

• **Off the Record**—Goldenweiser lives up his story with some tidbits of inside information:

• Because the early Federal Reserve Board held that it had no function with specific respect to control of stock market credit, a stock ticker was not installed in the board's headquarters until 1934.

• Late in the evening of Mar. 3, 1933, when a banking holiday was imminent, communication between incoming and outgoing administrations proceeded in a fantastic manner. It took a call from Federal Reserve Board headquarters in the Treasury building to the White House to get President Hoover's reaction. Then followed a call to William Woodin, the Secretary-of-the-Treasury-designate in New York, a call from him to President-elect Roosevelt in a Washington hotel, and another call from him or an assistant back to the board.

• **Staff Roll**—Goldenweiser's discussion of the role of economic staff work in a government agency is revealing. The staff he helped build is now perhaps tops in Washington.

Staff members, he found, are exposed to two dangers. One is getting into semantic and intellectual ruts. Turn-over of personnel and infusion of new blood helps deal with this problem. He likes the idea, too, of exchanges with university graduate departments.

The other danger arises from the relationship between the economists and their bosses—the policymakers. It's not always easy to maintain intellectual integrity when the boss wants proof for a position he's already taken. One Goldenweiser solution: Maintain a sellers' market for economists, so they can move if they don't like their jobs for that reason.



½-ton 6½-foot pick-up—¾-ton and 1-ton 8-foot pick-ups are also available

## Save money on gas with a Studebaker truck!

**L**OOK how clean-lined and trim a Studebaker truck is! That modern design could mean a lot to you in extra gasoline mileage.

There's no power-wasting excess of dead weight anywhere in a Studebaker truck—even in the rugged understructure.

Be realistic in your truck buying this year. Go in for sure gas-saving the way hundreds of thousands of Studebaker truck owners are doing. Get your share of the day-in and day-out reliability for which Studebaker trucks are famous.

Keep servicing bills low. Cash in on the high-efficiency performance of a marvelously smooth and competent Studebaker-built truck engine.

Stop in at the showroom of a Studebaker dealer the very first opportunity you have. Ask for explicit fact-and-figure proof of Studebaker truck economy in your kind of hauling.

### STUDEBAKER TRUCKS

*Noted for low-cost operation*

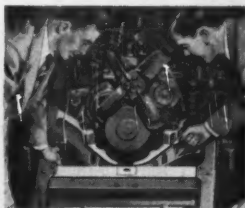
Decorative and other specifications subject to change without notice.



**Every comfort for the driver!** Big-visibility cab. Built-in window wings. Foot-operated floor ventilators. Wide seat with finger-tip control—Adjusto-Air cushion. Some models have steering post shift.



**Low floor! Enclosed safety steps!** Doors are metal-lined—swing wide on automatic "hold-open" stops—stay securely closed on rotary latches. Cab light operates on door or hand switch. Big rear window.



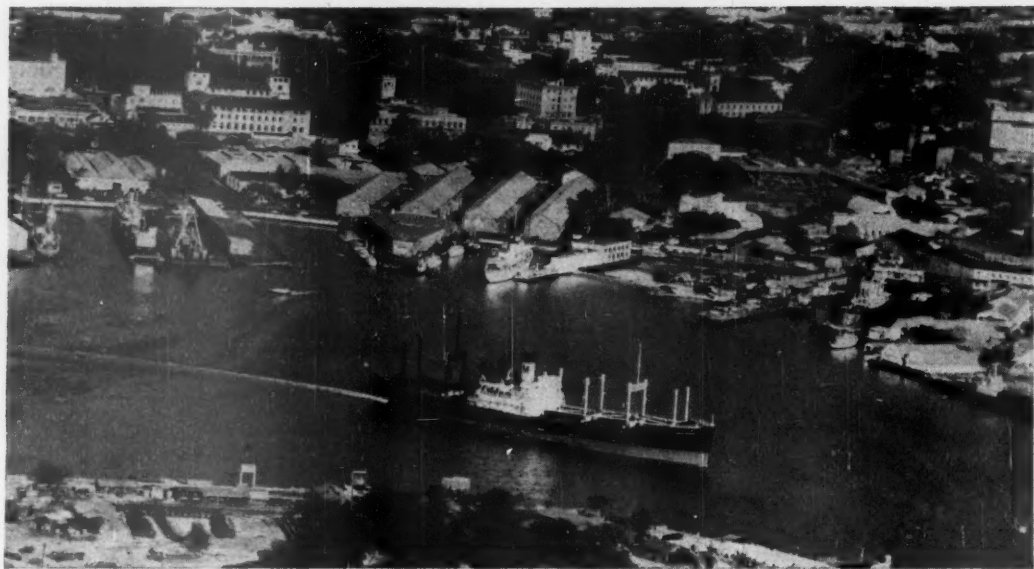
**Extra strong K-member frame** gives solid support to the front mounts of the engine—reinforces the whole forward structure. You get this protection in all Studebaker trucks whatever their size or wheelbase.



**Easy to park and maneuver!** Unique Studebaker variable-ratio steering builds extra leverage that every driver welcomes. Strong cross-steering linkage fends off "kick-back."

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# TRANSPORTATION



**PROFIT.** Modern C-3 freighter of Matson fleet sails into Honolulu harbor. Hawaii-to-mainland service is making money, but . . .

## Matson Line Still Has Troubles



**LOSS.** Mariposa and Monterey, laid-up liners, cost \$500,000 a year to mothball.

The Matson Navigation Co. was sailing along full speed a month ago. It had paid its first dividend in four years. Its Hawaii-West Coast freighters were making money, and its ace passenger liner, the Lurline, was booked solid.

Then came Friday the 13th in July. Matson was caught in the middle of a union jurisdictional dispute that knocked out the Lurline's scheduled sailing and cost \$200,000 in revenue.

Matson was the bystander as the CIO National Maritime Union made a play for the membership of the independent Marine Cooks & Stewards. MCS is one of Harry Bridges' satellite unions that were expelled by CIO last year as pro-Communist. The Lurline was the NMU's target because it employs the largest number of cooks and stewards on the West Coast.

• **No Sail**—Passengers were boarding the Lurline for a 4 p.m. sailing on July 13 when NMU threw a picket line across the pier. Cause of this action was MCS' suspension of four Lurline stewards who were accused of organizing for NMU. NMU demanded that Matson hire these men off the dock. Matson refused on the ground that its contract with MCS requires all cooks and stewards to come from the MCS hiring hall.

AFL seamen and CIO radio operators, sympathizing with NMU, refused to pass the picket line. Matson postponed the sailing 24 hours, keeping the capacity list of 748 passengers aboard as guests of the line.

Next day, Matson got an injunction against the picketing, but NMU refused to recognize it. A few pickets were arrested. The seamen and radio operators still refused to man the ship. So Matson reluctantly canceled the sailing, refunded passage money.

The Lurline managed to get away from San Francisco on its next scheduled sailing, July 24, as the seamen got an all-clear from their union leaders. But the dispute still blots Matson's horizon. Trouble might still spread to other Matson ships, in fact to the entire coast.

• **Tough Break**—That would be a bad break for Matson. The line is just getting its head above water after the worst crisis in its history. From 1947 through 1949 the company either barely broke even or ran in the red. But last spring Matson announced a \$3-million profit for 1950.

• **Genesis**—The Matson line dates from the 1880's, when shrewd, Swedish-born Capt. William Matson began operating a fleet of schooners in the



Hawaii trade. Around 1900 he switched from sail to steam and organized Matson Navigation Co.

Capt. Matson built a firm foundation. To be sure of cargo, he bought into sugar plantations, trading companies, and terminals in the islands. To fuel his steamships he set up Honolulu Oil Co. in 1908, producing crude oil from 1,600 wells in Alberta and the States.

Matson was protected from foreign competition by U.S. coastwise laws. And with assurance of cargo from his Hawaii associates, he built up one of the strongest, most prosperous American flag lines. In the late 20's the company extended its routes to Australia by buying the Oceanic Steamship Co. In the early 30's it built four 23,000-ton passenger liners—the Matsonia, Lurline, Mariposa, and Monterey. On Honolulu's famous Waikiki Beach, Matson bought or built three resort hotels—the Moana, the Royal Hawaiian, and the SurfRider (to be completed next December).

Matson was hurt by the depression, but never to the extent of having to pass up dividends. World War II was pure gold for the line, and postwar plans were correspondingly ambitious.

• **Postwar**—Matson's first move in these plans was to replace the entire prewar fleet of 37 freighters. Twenty-two new ships were built at a cost of \$30-million. Of these, 18 were for the Hawaii run, four for the Australia route.

Improvement in size, speed, cargo-handling gear, and scheduling enabled the new ships to do more than the work of the 37 prewar freighters. Ten ships were equipped to carry sugar in bulk instead of in bags, cutting down port time. A \$1-million bulk-loading plant for sugar was built at Hilo, Hawaii.

The Matsonia, oldest of the liners, was sold into Mediterranean service, and an \$18-million project was started to rebuild and modernize the other three liners. Matson bought a small West Coast shipyard to do the work.

• **Upset**—Here Matson struck a reef.

The yard wasn't up to doing the job quickly or efficiently. Costs soared, and work dragged. Modernization of the Lurline, budgeted at \$6-million, ran to \$19-million before the job was finished. Management hastily blew the whistle on the face-lifting of the Mariposa and Monterey.

• **Complications**—Meanwhile, airlines had strengthened their hold on the Hawaiian tourist business (they now carry 60% of passenger traffic, compared with 35% for Matson and 5% for other ship lines). Matson made a desperate effort to counter by starting its own airline, but CAB killed it.

Meanwhile, travel on the Australian route was cut back by the dollar shortage. The freighter fleet wasn't yet in

full operation. Costs on all expansion projects were going up. The situation wasn't helped by dissension on the board of directors between island and mainland interests.

From a profit of \$2-million in 1946, Matson slid off to a loss of \$300,000 in 1947. Dividends were suspended for the first time in company history, and \$12-million had to be borrowed on short-term notes.

• **New Deal**—Amid the dissension of this blackest year of Matson's history, President Frazer A. Bailey resigned to head the National Federation of American Shipping in Washington. He was succeeded by John E. Cushing, head of American-Hawaiian Steamship Co.

Cushing tapped Randolph Sevier, who recently succeeded him as president, as his executive vice-president and right-hand man. As a team they worked to bring peace to the family, to complete essential parts of the expansion program, and to lay to rest such items as the shipyard and the air division.

Sevier had headed Castle & Cooke Terminals, Inc., in Hawaii. He brought a much-needed island viewpoint to his job. For one thing, he established a Matson office in Honolulu with a vice-president in charge; the line had previously been represented in Honolulu only by an agent. He offered cargo-packaging advice to shippers and ran cargo-handling clinics for Matson employees, to cut damage claims.

Matson's comeback was dampened by a Pacific Coast maritime strike in 1948, when the company about broke even, and the six-month Hawaiian longshore strike in 1949, when Matson came up with a \$44-million loss.

• **Strong Position**—But Matson has a stranglehold on Hawaiian trade for the long haul. Its fast and frequent sailings (twice a week from California and twice a month from the Northwest) have big advantages for shippers and enable Hawaii merchants to get along on moderate warehouse inventories. Matson's only competitors in freight trade stop at Hawaii once a month.

Matson ships last year carried 34-million tons of cargo to and from Hawaii, along with 36,000 passengers. About 87% of Matson's revenue comes from freight and passenger service.

• **About-Face**—Under Cushing and Sevier, Matson has mended its public relations fences. Management is well aware that its troubles after the war got little sympathy from Hawaiians, who tend to lump Matson with the Big Five companies as their whipping boy. Matson does in fact own pieces of the Big Five companies, and vice versa. But it is making a big pitch in Honolulu newspaper advertising to stress Matson as "Hawaii's Own." Executives are encouraged to take part in community affairs.

## 60% Savings in Man-Hours by this ELWELL-PARKER TRUCK



E-P Electric power is fume-free — cannot contaminate food.

At a large food warehouse, a typical materials handling job is moving 2000 cases from boxcar to storage. Previously it was done by 8 men using hand trucks—total man-hours required, 20. Now, an E-P power truck with 2 men does the work in 8 man-hours. **SAVING is 12 man-hours or 60%!** Truck also saves space by high stacking loads to the roof.

E-P trucks are helping solve today's manpower problem in over 300 different industries. You, too, can benefit by Elwell-Parker's more than 45 years' experience in handling materials on power trucks exclusively.

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on Scientific Materials Handling. Ask for "Industrial Logistics" and name your product. Write The Elwell-Parker Electric Company, 4008 St. Clair Ave., Cleveland 3, Ohio.

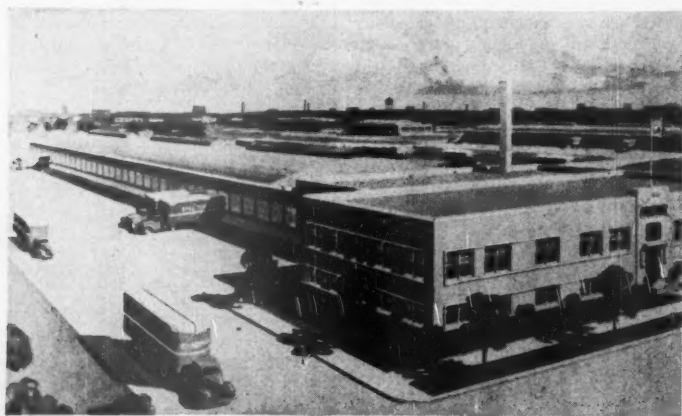


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Power Industrial Trucks Since 1906



CHICAGO TERMINAL, built by contractor Arthur E. Nelson, can load 455 trailers, park 700. It's the most concentrated in the world.



THE VERY LATEST. Spector Motor Service, Inc.'s terminal, now building in Chicago, will have 72 truck bays, 25,000 sq. ft. of storage, a 10,000-sq. ft. garage.

## The Terminal:

Terminal handling of freight bulks huge in a trucker's efficiency calculations. It means far more to him, for example, than it does to the railroadman.

• **Small Lots**—Rail shipments are mostly in carload lots; you trundle the car to the addressee, and that's that. But the trucker's life blood is small shipments. Profitable operation depends heavily on speedy, accurate transshipment and routing of assorted lots.

Because of this, terminal design has long been a major preoccupation of the truckers. New terminals are constantly being built, each incorporating new features and ingenious thinking. One of the fanciest will be the setup for which Spector Motor Service, Inc., has



**FORK-LIFT TRUCKS** pick up pallet coasters, as each shipment is unloaded from trailer. In precoaster days, trucks had to drive into trailers. Note central checking intercom instrument.



**MERRY-GO-ROUND**, a sunken endless belt, tows handling carts along the dock. Circle shows numbered slate indicating destination of cart.

## Truckers Change Their Ways

just broken ground in Chicago (picture, page 70). Largest in the Midwest, the terminal will be the eighth built by Spector in 2½ years.

• **Folk Lore**—The development of the terminals, like that of the trucking industry itself, has been mostly a trial-and-error affair. Typical of both is the folklore story that the whole \$4-billion industry developed from the fact that a World War I veteran acquired a surplus army truck.

As the truckers grew, their terminal problems grew with them. At first they loaded pretty much anywhere. Traffic problems arose, efficiency lapsed. From doing practically everything wrong, the industry gradually learned to do it right. A terminal like the New York Port

Authority center, or the Spector job, gears all this accumulated knowledge into watch-work efficiency.

• **Buildings**—Terminal developments have fallen into two rough categories: (1) the buildings themselves; and (2) the methods of work. A lot of the time, though, the categories get hopelessly scrambled together.

The modern building generally takes the form of a T—with the loading platform making the upright, and the offices—and perhaps garage—the crossbar. One side of the loading platform is for the big trailers that will roll to distant cities. The other side is for the smaller trucks handling local pickup delivery.

The problem, obviously, is to get

This roof was  
**Saved**  
**NOT**  
**REPLACED!**



Timely inspection saved Superline Oils Ltd. the cost of a new roof at the Goodspeed & Davison Garage in Truro, Nova Scotia.

The Tremco Man with Mr. E. C. Baker, architect and engineer for Superline, inspected the roof. They found the roofing felts sound but dry. If neglected, the felts would disintegrate and an entirely new roof would be required.

Tremco Man Barton, however, stressed the need for *preserving* a dry but otherwise sound roof. Felts were resaturated with nonvolatile waterproofing oils and reinforced to insure added years of service. And then Tremco showed how its low cost methods really save money on the job...

### PUMP CUTS LABOR COSTS ALMOST 50%

Tremco's labor-saving Roofing Pump was used by Nova Scotia Waterproofing, Halifax Contractors, to pump materials directly from



barrels on the ground to point of application on roof. The job, figured to require 6 men for 5 days, was actually done by 4 men in 4 days... a saving of almost 50% in man-hours.

### "Solving Roof Problems"

A 32-page book, regarded by authorities as an outstanding contribution to the subject, will be sent on request. Write, on company letterhead, to The Tremco Manufacturing Co., Cleveland, Ohio.



# TREMCO

PRODUCTS AND METHODS  
FOR BUILDING MAINTENANCE

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# SO HIGH A FINISH...

*you can almost see the finished products*



Send for the  
New 16-page  
Bulletin

## NEED CYLINDER PARTS?

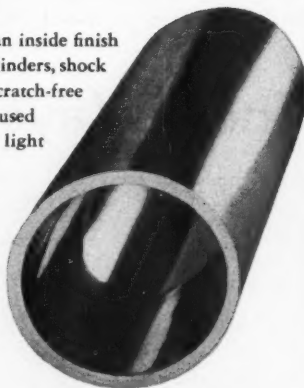
New Rockrite Tubing comes with so high an inside finish that it is ready to go to work as hydraulic cylinders, shock absorbers and for similar parts. Smooth, scratch-free inner surface requires *no machining* when used with leather or other soft packings. Only a light honing is needed for metal piston rings.

## THE REASON ?

The Rockrite unique compression-sizing process cold-works the metal . . . insures close tolerances that pay off in your plant.

## SIZES ?

Rockrite cylinder-finish tubing comes in bores from 1½" to 5½", depending on wall thickness. Get additional facts and figures from Joseph T. Ryerson & Sons Company, Chicago, national warehouse distributor, or write us direct.



TR 123

TUBE REDUCING CORPORATION • WALLINGTON, NEW JERSEY

shipments from one kind of truck to the other with a minimum of delay and expense.

Early terminals never allowed enough backing room at the loading platforms. The result: jammed traffic, delays, and public indignation. The modern trend is to allow plenty of room.

• **Battering**—Construction techniques produced a twist of their own. Truck terminals partake of the nature of warehouses. But a warehouse needs to be strongest in the center, where the bulk of the storage load lies. A truck terminal needs its strength at the sides. Every time a truck backs up, it gives the side of the building a substantial wallop. Old-style brick piers couldn't take it, and structural steel is getting the nod now.

• **Endless Belt**—The "merry-go-round" is another new building feature, which leads straight to modern handling methods. It's an endless belt, running in a slot under the platform floor. Handling carts can be hooked to it for delivery to whatever truck dock is wanted.

The merry-go-rounds, which seem like the answer to a trucker's prayer, are actually no help to the firms that operate "peddle runs," which means that they drop off cargo in towns between the terminal points. To do that, the load has to be stowed so that the first freight to peel off is nearest the unloading doors. That kind of arrangement means that the load has to be stored on the platform, until it can be stowed away in the right order. That storage, unfortunately, has to be where the merry-go-round would be.

• **Centralized**—Rivalling the merry-go-round in modern freight handling is the central checking system. (But the two are seldom used together because of the expense of installation.) In the old days, it took a crew of three or four men to unload a single trailer. One man, the checker, kept track of the waybills, another, the stripper, did the actual unloading, the others moved the goods to the storage point, to await reshipment.

In the central system, when a trailer reaches the dock, its waybills are sent by pneumatic tube or hand to an office where one checker handles up to five trailers. The checker sorts all the waybills according to their destination in the city. By two-way intercom he directs the various strippers.

• **Pallets**—The strippers, instead of piling up the different shipments on the dock, place them on pallets. Then they signal for fork-lift trucks that take each shipment to the appropriate delivery truck.

Since one checker and one fork-lift truck can handle about five trailers, the over-all manhours of unloading are just about halved.



Another example of the way Recordak microfilming is simplifying routines for 65 different types of business . . . thousands of concerns.

# She takes unglamorous pictures

...but cuts bookkeeping costs 85%



Just pictures of envelopes which contain snapshots—that's all the girl at the photofinishing plant takes with a Recordak Junior Microfilmer.

And while the snapshots inside each envelope have more eye appeal, the businessman—always looking for suggestions to trim costs—will find the "envelope pictures" much more interesting.

**Photofinishers used to have a bookkeeping problem—look at the envelope and you'll see it.**

In billing the stores which serve as their pick-up and delivery agencies, they had to duplicate the information on each envelope manually—and keep carbons of the invoices as their only record.

... they had to list the customer's name and address, the number of rolls, and quantity of prints ordered—all of which was noted on the envelope when the films were left at the agency.

... and duplicate the figures which were added in their own shop—the film size, the number of snapshots produced, and the charges.

Individually, this may look like a simple record to keep. But when you consider that a photofinisher may have hundreds, even thousands of agencies . . . you'll understand why an expensive bookkeeping setup was necessary to avoid a bottleneck in print delivery service.

But today photofinishers using Recordak microfilming report that their billing costs have been cut as much as 85%. The envelopes are photographed—at the rate of 40 or more per minute—and the charges per envelope are run off on an adding machine. *The tape becomes the bill . . .* and is forwarded to the agency along with the related envelopes.

Recordak microfilming gives the photofinisher greater protection, too. He has a photographically accurate and complete record of all orders . . . can answer questions quickly by simply reviewing his microfilms in a Recordak Film Reader.

In your company's daily routines, clerks, typists, bookkeepers, and accountants may be duplicating by hand reports and records involving more work than the photofinisher's envelopes. *Check and see . . .* investigate low-cost Recordak microfilming, which will copy documents instantaneously . . . for a fraction of a cent apiece.

Write today for a free copy of "50 Billion Records Can't Be Wrong." It gives details of typical Recordak systems . . . and the complete line of Recordak Microfilmers now offered on an attractive purchase or rental basis. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Ave., New York 22, N. Y.



## RECORDAK

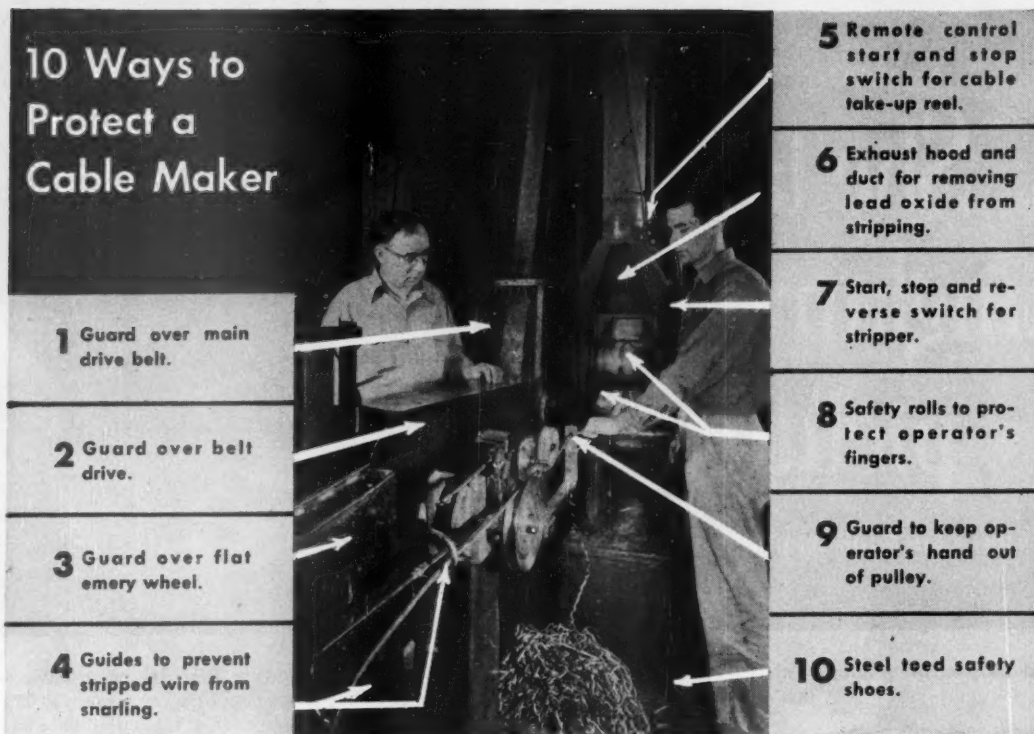
(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—  
and its application to business systems

"Recordak" is a trade-mark

# PRODUCTION

## 10 Ways to Protect a Cable Maker



## How Insurers Make Plants Safe

Employees of an electrical equipment manufacturer in Chicago got a rude shock one day when they looked in their mirrors and discovered that their hair was turning green. The more they scrubbed their hair, the greener it seemed to get.

Their employer was almost as worried as they were: Green hair doesn't make for a happy and productive shop. So he called in the insurance company that carried his workmen's compensation insurance to find out what was causing the color change. The insurance company's safety engineer collected samples of all liquids used in the plant, put them in beakers together with some pieces of hair that he got from a barber shop.

The culprit turned out to be a varnish resin that the manufacturer was using to insulate electrical components. Fumes from the resin combined with oil in the hair to dye it green. Alkali in soap intensified the color. The engineer recommended closing off the ovens in which the resin was baked and ventilat-

ing them. There hasn't been a sign of green hair since.

• **More Accidents**—This case is typical of many in which small manufacturers have called on their insurers to help make their plants safer and better to work in. And yet many companies today obviously fail to capitalize on the safety counsel that is available to them. Industrial accidents, which have been on the downgrade since the war, suddenly shot up again last year (BW—Jul. 28 '51, p40). Bureau of Labor Statistics estimates that total industrial fatalities rose from 15,000 in 1949 to 15,500 in 1950. Injuries last year totaled 1,950,000, only 1,850,000 in 1949.

Though small plants employ about half of the total industrial labor force, more than two-thirds of these industrial injuries occurred in businesses that had less than 100 workers.

• **What's the Cause?**—The over-all increase in the industrial accident rate is not too surprising; it follows the same pattern as at the beginning of World War II. Again there has been a great

influx of inexperienced workers, and workers are working longer hours.

But the fact that so high a proportion of these accidents occur in small plants is not so easy to explain. One likely answer is that small companies generally cannot afford to hire full-time safety engineers, to spend money on accident prevention. Safety gets little attention until injuries get too high.

• **Safety for the Asking**—Budgets of small companies don't have to stand in the way of adequate safety measures. Companies can get safety engineering help just for the asking. Any insurance company that carries a plant's workmen's compensation insurance is eager to make available the services of its trained safety engineers.

Since the war, insurance companies have steadily expanded their efforts to study causes and cures of industrial accidents and to give their policyholders the benefit of that knowledge. It's just business to them to reduce risks.

• **Host, Environment, Agent**—William H. Seymour, vice-president of engineer-

ing for Liberty Mutual Insurance Co., says that industrial accidents are like disease. Both are a function of three factors: (1) the host—the worker; (2) the environment—working conditions; and (3) the agent—the method or the machine. By correcting all three of these factors, you can come close to eliminating accidents. By correcting even one of them, you can reduce the danger. For instance, if a worker is properly trained, he will be able to avoid accidents despite below-par working conditions and methods.

Take the case of a San Francisco contractor. It had particularly high claims and premiums on its compensation insurance. Early this year the company called in Lumberman Mutual Insurance Co.'s district safety director. He spotted the problem as mainly one of inadequate training.

As remedy, the safety director set up a program of safety meetings, foreman education, and prejob safety planning. The accident frequency on the contractor's jobs dropped 30% in four months.

• **Poor Method**—If methods and working conditions are completely neglected, however, accidents are bound to happen—no matter how well trained the worker. In one processing plant, a particular valve had to be turned on and off about a dozen times a day. The valve was about 12 ft. above floor level, and the operator had to set up a ladder each time to get to it. In case of an accident, the company report probably would have said, "Careless man fell off ladder." Actually, the company's method would have been at fault. An insurance company engineer spotted this situation during a routine inspection and recommended that either the valve be brought down to floor level or that a permanent stairway be built up to it.

• **Machine Guards**—In prewar years, a very high proportion (about 65%) of industrial accidents occurred at point of operation—at the machine. Today that proportion has been cut down to about 35%. This is credited largely to the work of safety engineers who devised ingenious combinations of machine guards and safety switches to keep flesh away from biting metal.

One such combination is illustrated on page 74. Ten factors work together to protect operators of the cable stripper in the plant of Simplex Wire & Cable Co. at Cambridge, Mass.

• **Human Weaknesses**—Inadequate machine protection, hazardous plant design, and lack of training are easy things to spot compared with the more subtle human weaknesses, such as vanity, that can also cause accidents. A restaurant, plagued by a consistently high accident rate among its waitresses, called in an insurance company engineer to correct the trouble. A lot of his recommendations went into practice, but they didn't



**MAINTENANCE problem  
solved with chemistry...  
profit-stealing deposits  
removed from three open box  
condensers in just 10 hours!**

by  
**DOWELL  
SERVICE**

The tubes of three open box condensers in a southwestern refinery were heavily encrusted. Cooling efficiency was impaired. *In just 10 hours*, Dowell Service removed an estimated 99% of the profit-stealing deposits. The resultant drop in cooling temperature increased the polymer yield  $4\frac{1}{2}\%$ .

Dowell-designed equipment was used to introduce special liquid solvents through regular water connections. These solvents penetrated to all parts of the boxes and dissolved and disintegrated the deposits. Mechanical cleaning of the boxes would have required extensive dismantling and

downtime with resultant production losses to the refinery.

Dowell Service can save real dollars in your plant maintenance program. Dowell Service methods are applicable to cleaning many different kinds of industrial process equipment *without dismantling and with a minimum of downtime*—boilers, heat exchangers, pipe lines, storage tanks and process towers. Often equipment can be cleaned while it is in use.

Call the nearest Dowell office for free consultation on your maintenance cleaning problems, or write direct to Dept. 507 in Tulsa for more information.



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For the past half-century Toledo has been out-front in bringing you new and better weighing devices to help you *control costs!* 80% of the major advances made in scales during this time are credited to Toledo Research and Engineering!

Toledo engineering has not only specialized in the direct design of weighing mechanisms, but also in the many associated fields such as electronics, plastics, metallurgy, optics.

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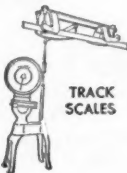
COUNTING SCALES



PORTABLE SCALES



FLOOR SCALES



TRACK SCALES

**"... girls kept on falling and burning themselves on coffee urns . . ."**

PLANT SAFETY starts on p. 74

help; girls kept on falling and burning themselves on coffee urns. Finally the engineer called in a doctor. He spotted the trouble immediately. Most of the waitresses had imperfect vision, needed eye glasses, but were too vain to wear them.

In a plant in Massachusetts, male workers suddenly had a rash of accidents. It had the company baffled because the accidents happened in the morning, when workers usually are bright and alert. Investigation showed that the canasta craze was sweeping the town; wives were staying out late at night and stopped getting up to fix breakfast for their husbands. Serving coffee and doughnuts in the plant shrunk the morning accident rate.

• **Savings Sell**—Insurance companies say that it isn't easy to sell small businesses on industrial safety measures until they've had serious accidents—and then it's too late. Generally, small companies would rather channel their money and effort into projects that will directly save money or earn money for them. So insurance companies often have to promote industrial safety as a byproduct, emphasizing production gains first. They have plenty of evidence to back them up when they use this sales line.

Take this case, for instance. Several years ago, the Stevens Point Beverage Co., Stevens Point, Wis., which makes beer and soft drinks, ran into a lot of trouble with bottle breakage. It raised costs, delayed production, injured workers. Hardware Mutual Casualty Co.'s engineers looked in, found that thermal and physical shock and scratches caused the breakage. Temperatures in bottle washing and pasteurizing processes weren't controlled. Rough-riding conveyors produced small cracks in the glass. The company revamped its processes and corrected its faulty techniques. Breakage then dropped by 90%. Management also instituted an effective eye goggle program.

• **Cooperation**—Insurance companies long ago banded together to solve common problems in industrial safety. Through the Engineering Liaison Committee of the National Assn. of Mutual Casualty Companies, vice-presidents and chief engineers of member companies meet to study methods of accident prevention and to prepare technical guides on safety engineering.

Joseph C. Stennett, head of the committee, says the group is now concentrating on the question of noise as an industrial hazard.



**A MESSAGE  
TO AMERICAN  
INDUSTRY**

---

**"This is more than a shortage  
... this is an emergency.**

***Every pound of your scrap is needed, NOW !"***



"THE STEEL INDUSTRY is currently operating at more than 100% of rated capacity—turning out well over 2 million tons of steel per week. This record high production—every ton of which is in urgent demand—cannot be kept up unless we get more scrap from every potential source. For without your scrap we cannot produce enough steel. Today, every ton of steel turned out requires a half a ton of scrap for its production. That's why scrap—more scrap—is so urgently needed, and needed right away.

"The fact we have to face today is that steel mills are operating on a hand-to-mouth basis as far as scrap is concerned. Some mills are working on only a two-day supply of scrap. We already have had to shut down steel-making furnaces for lack of scrap.

"That's why we are asking you to strain every effort to get more scrap out of your plants and yards and on its way to the mills . . . to search out the scrap that doesn't come to market in normal times. You'll find this "dormant" scrap in obsolete equipment, tools and machinery that you haven't used for years . . . overlooked in your storage sheds . . . or rusting away in a junk pile in some forgotten corner. It's there. Turn it in at once—so we can turn out the steel you need. We can't do it without your help."

*B. F. Taylor*

President, United States Steel Corporation



**UNITED STATES STEEL**

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skylights slash  
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Corrulux translucent structural panels, reinforced with Fiberglas, reduce skylighting costs as much as 50% below conventional skylights.

Corrulux nests with standard corrugated building panels, requires no expensive flashing and framing, nails and saws easily.

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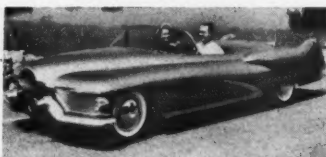
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DISTRIBUTORS IN PRINCIPAL CITIES

## THE PRODUCTION PATTERN



**G**ENERAL MOTORS' LE SABRE is a fancy and expensive toy for GM's engineering and styling departments. But it's more than just that. It's a laboratory on wheels that will pay off handsomely in future car production.

GM's collective testing of the efforts of individual specialized engineering groups is a novel approach to product development. In the automotive business, and in most other mechanical fields, there is a definite pattern for improving and developing a product.

Take the auto. Each Detroit car maker keeps specialized engineering and research departments going all the time on specific components—one group on engines, another on automatic transmissions, a third on suspensions, etc. It takes years to get the initial design conception down to where it's practical.

**A**S FAR AS IT GOES, this departmental technique does a job. But it may not be going far enough. The engine development group, for instance, may be updating its pet powerplant without too much concern over what's happening in transmission research; and the transmission engineers probably aren't too concerned over advances being made in suspension design.

What, then, would happen if all the futuristic ideas coming out of the company's specialized development departments were assembled in one car? Would they be suited to each other? Would the electrically operated built-in jack



(left), say, interfere with the functioning of the suspension system? Would the performance characteristics of the engine jibe with the design of the self-shift-

ing transmission? Le Sabre will give GM the answers.

**T**HERE PROBABLY NEVER will be a production model that will look like Le Sabre. But this dream car contains a host of new ideas, many of which will find their way into coming GM autos. The 300-hp. supercharged engine has about the same cubic-inch displacement as a Chevrolet engine, yet turns out three times as much power. When you pour on the coal, one carburetor feeds the cylinders gasoline, a second supplies methyl alcohol.


Cast magnesium and sheet aluminum body parts keep the car's weight down to 3,000 lb. If an unexpected rain comes, the moisture



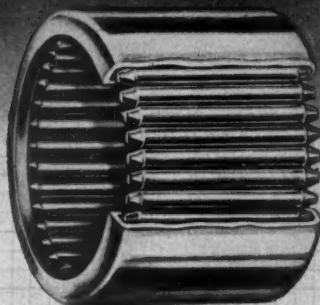
touching a sensitized panel (above) on the front seat operates a small electrical unit that automatically lifts the top and closes the windows. These are just a few of the features GM expects Le Sabre to sire for its five makes. That's the kinds of dividends GM draws from its first experimental car, the Y-Job, built in 1938.

**T**HE LE SABRE APPROACH is doing a job for an auto maker. Why, then, couldn't it be used by, say, a machine tool manufacturer? Suppose a machine tool maker gave several of his engineers carte blanche to go ahead on the most fully automatic tool they could dream up for making a particular product. It might speed up the arrival of automatic factories by years.

Of course machine tools cost lots more than autos, and machine tool builders aren't so well heeled as General Motors. But machine tool manufacturers would be playing with high stakes, and the payoff could turn out to be at least as significant as the one resulting from competitive advantage on an automotive feature.



**compact...**



Torrington Needle Bearings fit in tight places. These efficient units have the smallest O.D. in relation to radial load capacity of any anti-friction bearings.

This combination of compact size and high capacity has proved an important design advantage from the standpoint of space-savings and weight reduction. Products utilizing Needle Bearings are models of simplicity and efficiency.

If your application requires compactness coupled with high capacity, get acquainted with Torrington Needle Bearings. We'll be glad to help you adapt them to your specific needs.

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**TRUSCON...a name you can build on**

**Truscon Builds**

## World's Tallest Radio Tower

Truscon has fabricated for the United States Government several 1,212-foot towers, one of which was recently erected near Rome, New York.

This 1,212-foot giant overshadows every other man-made structure in the world, except the 1,250-foot high Empire State Building. It is truly a tribute to the skill of the men at Truscon who designed, engineered, and produced it. Not many years ago a tower of this type and height would have been considered impractical to build. Work on the structure began on Truscon's drawing boards in the spring of 1948. Erection was started in September 1950.

Nearing completion last November, the tower had its first test of consequence during the storm that brought record snow and 125-mile-an-hour winds to the eastern section of the country. In this blow the tower swayed approximately seven-tenths of the seven feet it is calculated to sway in a 150-mile-an-hour hurricane.

Requiring 772 tons of fabricated steel, the great structure is supported by 4 miles of guy cables, most of which are anchored almost a quarter of a mile away from the base. The new tower will be used by scientists at the Griffiss Air Force Base near Rome (N. Y.) for the study of Loran, a radio navigation aid first developed during the last war.

Today, rising skyward in many nations are many hundreds of Truscon-built "fingers of steel" over which pour communications for the attentive ears and eyes of the world's people.

Truscon has nearly 50 years of experience in the development and fabrication of steel building products for every type of structure, and is the largest company of its kind in the world.

A complete catalog of Truscon Steel Building Products is available on request.



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forcing Steel • Industrial and Hangar Steel  
Doors • Bank Vault Reinforcing • Radio Towers

## Alcoa's Lignite

New aluminum plant in Texas will use the immature coal as main fuel source. Company seeks lower production costs.

Because aluminum reduction uses up huge quantities of power, producers of the metal are forever migrating from one power source to another. Their hope each time is to find a cheaper and better supply.

Last week the industry completed a 65-year cycle on fuel sources. Aluminum Co. of America announced plans for a lignite-fueled reduction plant in Milam County, Tex. It brought Alcoa back to the 19th Century, when its main fuel source for aluminum reduction was coal.

• **Adolescent Coal**—Lignite is immature coal; it never completed the geologic processes that turn wood into adult coal. Before it's usable as fuel, it has to be treated to cut down its high liquid content. Until recently no one had figured how to do this without lifting lignite's cost to the level of coal. Now the Bureau of Mines has developed an economical process in experiments at its lignite pilot plant in Denver.

Alcoa's new plant will have a yearly capacity of 85,000 tons of aluminum. Costing about \$80-million, it will consist of units for lignite processing, power generation, and aluminum reduction. Texas Power & Light Co. will operate the power-generating unit.

• **Alcoa's Edge**—The move to lignite puts Alcoa in a sweet position. It means that:

• Alcoa has freed itself from dependence on off-again-on-again federal power development.

• It has stolen a march on Kaiser Aluminum and Reynolds Metals Co. by protecting itself against long-range increases in fuel cost.

• It may get into the hydrocarbon business by processing lignite by-products.

Of course, there's no guarantee that Alcoa's competitors won't follow suit in lining up lignite sources of fuel. There's lots of lignite in Milam County and other parts of Texas, even more in such states as North Dakota and Montana.

• **Power-Hopping** — Milam County's lignite beds are the fifth power source Alcoa has helped develop since about 1890. At that time, Alcoa found the original steam-electric power system in Pittsburgh to be a barrier to low-cost, mass-use aluminum. So it backed development of three hydroelectric systems: Niagara Falls, Tennessee Valley,



## How Honeywell Controls help the new luxury liner "Constitution" carry its own climate



In this summer of 1951, modern American living went to sea — on the maiden voyage of the American Export Lines' fabulous new liner, "Constitution."

On this air-conditioned ship, you dial your own climate — in your own room — as you can do in so many modern homes.

All the controls — not only the personal thermostats in each smartly decorated stateroom, but hundreds of other automatic controls throughout the "Constitution" and its sister ship, the "Independence" — are Honeywell Controls.

Thus, Honeywell helps America live better afloat, just as it does ashore in millions of homes, schools, hospitals and commercial buildings. Just as it helps America work better, too, for Honeywell Controls do hundreds of different jobs in hundreds of different industries.

This is the Age of Automatic Control — everywhere you turn.

And Honeywell has been the leader in controls for more than 60 years.



America lives better—works better—with Honeywell Controls

**MINNEAPOLIS**  
**Honeywell**

*First in Controls*

For information about automatic controls for ships, planes, buses, and trains; for heating, ventilating and air conditioning; for industrial processing—write HONEYWELL, Minneapolis 8, Minnesota. In Canada: Toronto 17, Ontario.





## What plays clean-up on the rubber-steel team?

... *A brush!* These are track pins of army tanks. Here, rubber "tires" are bonded to steel pins to produce strong, quiet-operating parts for the rigors of tank warfare.

The problem was to remove the rubber flash and film from six bearing and electrical-ground sections of the pin after molding. With the help of the **Osborn Brushing Analyst**, a machine with six **Osborn Disc-Center® Wire Brushes** was devised to remove the excess rubber from all six areas simultaneously... in a matter of seconds.

Throughout all industry, Osborn power brushes are simplifying cleaning and finishing operations and improving products of every description. Here's how an **Osborn Brushing Analyst** can help you. Call or write, *The Osborn Manufacturing Company, Dept. 515, 5401 Hamilton Avenue, Cleveland 14, Ohio.*

\*Trademark



LOOK FOR THE NAME OSBORN...RECOGNIZED EVERYWHERE FOR QUALITY WORKMANSHIP AND MATERIALS

Columbia River. Then it built the original St. Lawrence River plant before switching to gas two years ago.

Now the steady rise in gas prices has dimmed the attractiveness of that fuel. The lignite-fueled Milam County plant should operate below gas fuel costs.

• **Why?**—There are two related reasons for aluminum's migration from fuel to fuel:

(1) It takes 10 kwh. of electricity to make 1 lb. of aluminum. Each added mill of power cost tacks on 1¢ to the per pound price. If ingot price is to be held down, that means power must be bought dirt cheap.

(2) Each time aluminum has found a new source of cheap power, it was crowded out by other big power users that could pay more. If aluminum tried to keep step with bids of these competitors for power, it would price itself out of the market.

• **Angles**—In switching to lignite, Alcoa lines up its own energy source. It may find itself in the chemical business, too. Profits from the tars and oils that can be extracted from lignite may prove important.

By using dried lignite to fuel the generating plant, Alcoa reportedly will be able to produce power for about 3.5 mills per kwh. Sale of lignite extracts might shave as much as a mill from that cost.

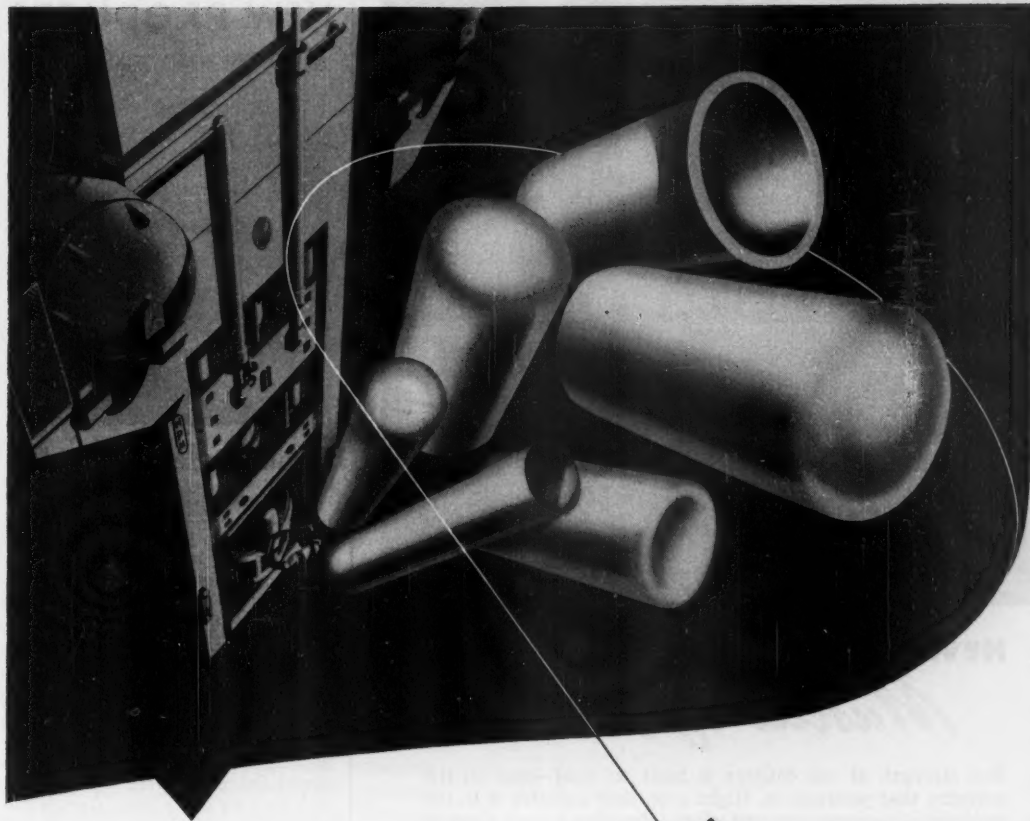
The same byproducts are available from coal. But lignite can be mined cheaply by power shovel from near-surface seams, and it's lots easier to recover the byproducts from lignite. That's why Milam County lignite has an edge of at least ¼ mill per kwh. over Appalachian coal fields.

### PRODUCTION BRIEFS

An irradiation service for industry is now offered by Brookhaven National Laboratory. Brookhaven will use radio isotopes to irradiate small samples of materials submitted by companies that wish to study the effects of radiation in killing bacteria or initiating chemical reactions.

Glass fibers so fine that one pound laid end to end would extend more than 10-million mi. are being produced by Glass Fibers, Inc. Glass paper, made from these fibers by standard paper-making machines, is an efficient dust filter.

A torture machine for cars duplicates the action of rough roads on Ford autos. Ford engineers can stand in a pit under the machine and detect body noises as the testing device jars the car and turns its wheels at speeds up to 42 mph.



Are you interested in  
Deep-Drawn Shapes that are

**strong** and  
**light?**

Here is a modern, proven method of making deep-drawn shapes that avoids conditions that produce thin, weak wall sections, or thick, heavy sections. Wall thicknesses produced by the Scaife method are uniform throughout the entire length of the draw.

Various symmetrical shapes can be produced from both ferrous and non-ferrous metals, in one continuous stroke of the press by this method. Representative applications include pressure vessels, containers, protective enclosures and many other parts.

We will be glad to have your inquiries regarding deep-drawn shapes up to 36 inches in diameter and  $\frac{1}{4}$ -inch wall thickness.

#### The Scaife Reverse-Draw Process

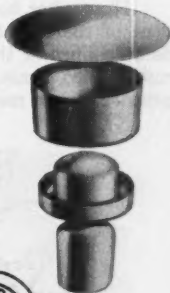
Shown above are some of the deep-drawn shapes that may be made by the Scaife process, and the press employed for the pressing operation. This is how it is done:

Starting with a circular sheet of steel—

a cup is formed by a conventional drawing operation.

A continuation of this pressing operation turns the cup "inside out" without removing it from the dies—

completing—in a single stroke—the deep-drawn shape.



**Scaife Company**

Founded 1802

Oakmont (Pittsburgh District) Penna.



**STEEL**

**PARTNERS IN PREPAREDNESS**

**RAILROADS**

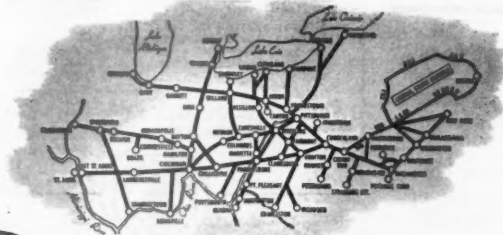
## NEW MIGHT FOR THE

# *Muscles of America*

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What's good equipment for big companies may be equally useful for small ones. That's the thought behind Thomas Mechanical Collator Corp.'s tabletop collator. The smaller, cheaper version works much like the large floor models, but is designed for outfits with lighter production requirements.

The tabletop unit is somewhat over a foot square, has five or eight bins arranged like shelves. The pages to be collated are placed in separate bins. As you pull out the U-shaped lever on the bottom, it propels feed arms. Rubber-tipped fingers eject the top sheet on each stack for easy piling. Average collating time is about five seconds per set of pages, according to the company.

The collator handles pages ranging from 3½ in. x 8 in. to 8½ in. x 14 in.

• Source: Thomas Mechanical Collator Corp., 30 Church St., New York City.

• Price: About \$100.

### Pallet for Reefers

A wheeled pallet called Ace Reefer Pallet Roller makes it easier to load and unload refrigerated freight cars, according to Frank L. Robinson Co., the manufacturer. The wheel arrangement is specially designed to maneuver over the reefers' slatted floors.

The 76-lb. steel pallet has five wheels on each side. The wheels are positioned so that the middle pair is lower than the two pairs toward each end. By steadying the pallet on the center pair of wheels, you can turn the pallet 360 deg. with little effort, even on a slatted floor. Left alone, it rests in a slightly tilted position.

The pallet measures 3 ft. by 3½ ft., has a capacity of 4,000 lb.

• Source: Frank L. Robinson Co., Latham Square Bldg., Oakland, Calif.

• Price: \$59.30.



**STEEL...**



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- To this undertaking General Refractories Company brings a complete refractories service including the world's most modern and completely equipped research laboratory, staffed by men of international repute. They are supremely qualified to determine your refractory needs, prescribe or, if necessary, invent the proper refractories, and make them with our nation-wide manufacturing facilities.

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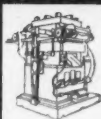
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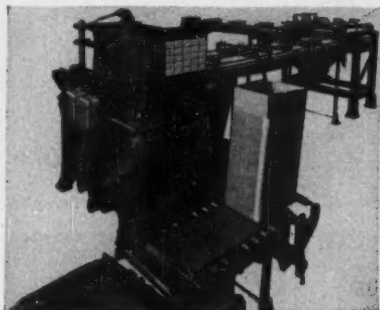
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### ***For American Tobacco***

which keeps its packaging lines moving at peak efficiency with the aid of Standard-Knapp gluers and sealers, collectors and carton packers. In the field of automatic packaging, Standard-Knapp machines are automatically preferred.



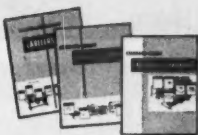
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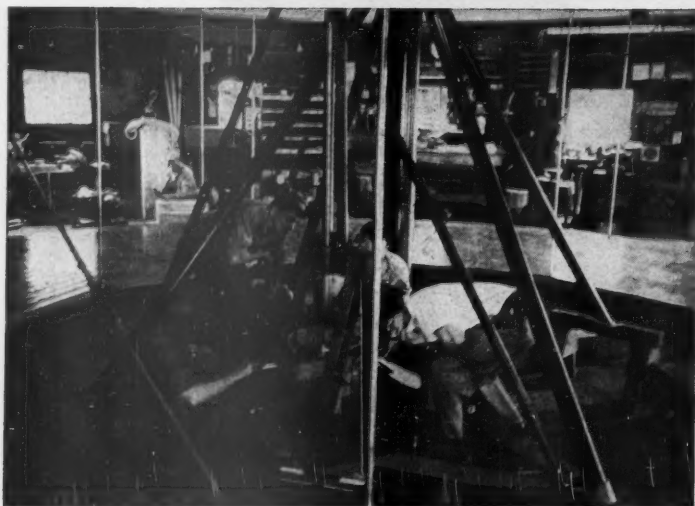
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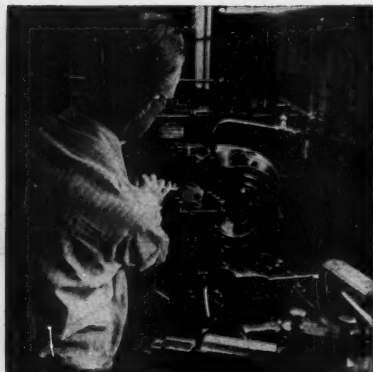
# SMALL BUSINESS



**TROUBLE:** The men who make merry-go-rounds...

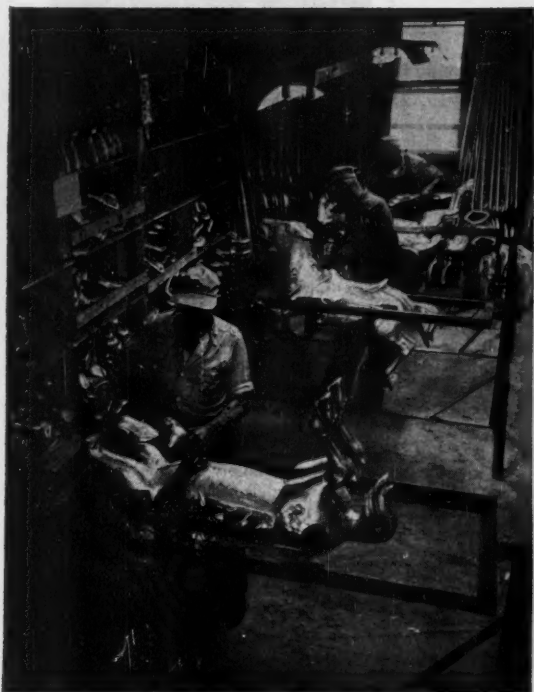


## Carousel King



**SALVATION:** Adapt and substitute... ...do defense work...





...use scarce aluminum... ..and can't get enough to keep making horses.

## Hops on Defense Merry-Go-Round



...repair old rides.

Allan Herschell Co. has had people going around in circles for years. Today it's doing a little gyrating itself—finding a lot of unexpected ups and downs in its business of making merry-go-rounds.

The reason is that carousels, once the creation of whimsical wood-carvers, are now being turned out in much the same fashion as, say, Ford cars. Metals have become the key material in construction.

As a result, mobilization, with its drain on supplies, is giving the company some big production worries, such as special adaptations to make use of available parts. And Allan Herschell is being forced to turn more and more to defense work.

• **King of Brass Rings**—So far, most of the company's capacity is still tied up in the brass-ring trade. The North Tonawanda (N. Y.) plant, which started turn-

ing out carnival equipment in 1890, has made Herschell far and away the biggest carousel maker in the field. By now it has multiplied its original volume five times—to \$14-million a year.

Biggest boon to the industry in recent years has been the growing number of kiddie park developments. With 125 employees, Herschell turns out about 250 rides annually: some 35 adult-sized merry-go-rounds, 15-20 kiddies' merry-go-rounds, and a variety of timely concoctions such as Kiddie Jeep Rides, Sky Fighters, and Moon Rockets. U.S. amusement parks and carnivals are the company's best customers, but it has also rung up sales in Europe, Puerto Rico, and Canada.

• **Charging Ahead**—To keep pace with the growing market and changing times, Herschell's factory has undergone some basic changes—with increasing emphasis on assembly-line methods. With the

## There's an **Art** to office layout



(Above) New office layout for large industrial company.

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Wendler, Herschell boss, and mealticket.

growing scarcity and rising cost of skilled carvers, Herschell around 1928 began to standardize its chargers. First it rigged out the horses with foundry-cast aluminum legs, then added aluminum heads and tails. By last year the company was making torsos completely of cast aluminum. The high cost of the casting patterns forced the company to reduce the variety of horses' positions to four models.

But the same modernization that solved past problems is making new ones today. No. 1 handicap is the aluminum shortage, which forced Herschell last fall to begin turning down some orders. And scarcity of critical parts such as gears, sprockets, and roller chains have led to substitutions, special adaptation jobs, and delays.

It's still too soon to tell how much CMP will stifle production, but it will mean a big reduction at best. That's why, President John Wendler says, the company has had to jump on the defense merry-go-round.

• **Adaptable**—Offhand, it's hard to imagine just what the government could do with the stuff that makes carousels. But the fact is that, while the company turns out unique devices, it uses standard machine-shop equipment.

It has the wherewithal to handle a variety of machining jobs on parts in process. The fabrication department, plus the wood mill and blacksmith shop, make the company a natural for building aircraft accessories. That's one of the things Herschell did in World War II.

Right now about 10% of the plant's capacity is again tied up in subcontracting jobs. Herschell is machining impellers and bronze-casting for Buffalo Pumps, constructing fixtures for Bell Aircraft, bronze-casting for Buffalo Forge, and machining stainless-steel and malleable parts for Houdaille-Hershey.

• **All Is Not Lost**—But the kiddies can take comfort. There won't be a serious shortage of merry-go-rounds for a long time to come. If worse comes to worst, Allan Herschell can squeeze in a lot of repair work, as it has in the past, to keep the horses flying.



**management men are talking**

## **about chemical week**

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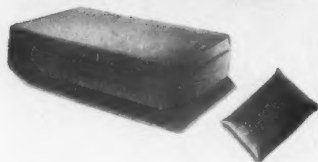
to **CHEMICAL WEEK**

**MANAGEMENT MEN ARE TALKING ABOUT....**

**ANC-ANP**

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## Mechanical Handling and Processing *are close partners*



Early in the development of foam rubber products, MHS engineers were called in by one of the largest rubber manufacturers to assist in the design of equipment to produce foam rubber products in large volume.

It was a brand new industry with no precedents. It was necessary to start from scratch. The only guides were those principles which had proven sound in other manufacturing operations—especially the full integration of materials handling with processing. That is one of the essentials for maximum efficiency in all low cost mass-production operations.

Fifteen years of continuous effort have been devoted to this project and what has been accomplished is today the recognized pattern for good practice throughout the whole industry. It is also typical of what is being done by MHS engineers in other industries.

There may be rich opportunities in your plant to conserve manpower, to reduce production costs and increase output by a full integration of processing with materials handling. Wouldn't it be worthwhile to investigate?



**Mechanical  
Handling**

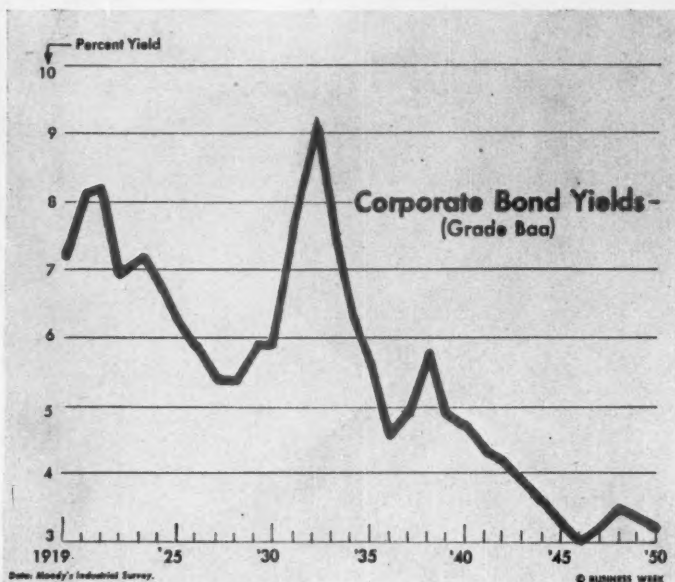


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## FIGURES OF THE WEEK



LOW YIELD reflects long-term rise in bond prices. It's all part of the picture of . . .

### EIGHTEENTH OF A SERIES

## What It Costs to Hire \$ \$

Everything costs money—including money. To help answer the question of how much it costs to rent money (businessmen don't buy it), BUSINESS WEEK publishes two Figures of the Week.

The cost of long-term borrowing is represented by the yield on lower-medium grade corporate bonds (see chart). The cost of short-term borrowing appears in the interest rate on prime commercial paper (promissory notes).

Taken together, the two Figures of the Week give a fair cross-section of the prices that businesses ranking as lower-medium to excellent risks must pay for long- and short-term money.

### I. How Bonds Are Graded

Bonds are promises to pay a fixed sum at a fixed future date, with fixed and regular interest payments in the meantime. To show the cost of this kind of long-term borrowing—the kind that business uses for expansion—BUSINESS WEEK uses the figure issued by Moody's Investors Service. The figure shows the yield of what Moody's calls lower-medium-grade corporate bonds.

The "Baa" appearing on the chart

above, therefore, has nothing to do with sheep or with a comment on the bonds. It is simply one of the categories in Moody's system of grade-labeling of bonds according to risk. Baa is the fourth-highest grade. Aaa, Aa, and A are higher; Ba, B, Caa, etc., are lower.

• **Businessman's Investment**—According to Moody's, Baa bonds are neither highly nor poorly secured. They lack outstanding investment qualities and have some speculative characteristics. They have often been called the businessman's investment.

Grading a bond is pretty much a question of judgment. A major factor is the number of times interest is earned annually by the issuing company. Another key factor is the question of seniority. If a company has other bonds with prior claims to interest, risk is naturally higher on the lower-level bonds, and those bonds are accordingly rated downward.

• **Quality**—Mortgage bonds—those secured by specific assets or by assets in general—would seem to be automatically better risks than debentures, which have no specific claim on assets. But that doesn't always follow.

It has happened that the debentures of a gold-plated company that earns its



interest 20 or 30 times a year and has no senior lien bonds have been rated Aaa. First mortgage bonds of a company that earns its interest just a little over once a year have been rated at Baa. One company's name alone may be considered better security than half the property of another company.

• **Ratings Change**—Moody's ratings may be changed, up or down, to keep pace with changes in the outlook for the company, the industry, or the economy in general. Top-grade bonds rarely have their ratings changed, but medium- and lower-grade ones may move up or down the scale, depending on how their companies are doing.

This isn't cut and dried, either. Changes in outlook for a company may affect one of its bond issues and not another. Changes in the outlook for utilities affect the ratings of their bonds differently from changes in outlook for industrials or rails.

To keep the ratings as accurate as possible, Moody's frequently reviews the list and rerates bonds as the current situation dictates. This often follows market trends; sometimes, too, it leads to bond price changes.

• **The Sampling**—Moody's picks 10 bonds from each of its top four grades and from each of the three major types of corporate bonds: industrials, rails, and utilities. These it incorporates in its daily averages, which cover the separate groups as well as the total group. BUSINESS WEEK uses the daily averages for the 30 Baa grade—10 industrials, 10 rails, 10 utilities—and makes a weekly average from them.

## II. How Bond Yields Are Figured

The figure itself—the yield—is the return on the bonds. Its full name is "yield to maturity." It is the actual return a bondholder would get during the life of the bond from the day he bought it to the time it matures.

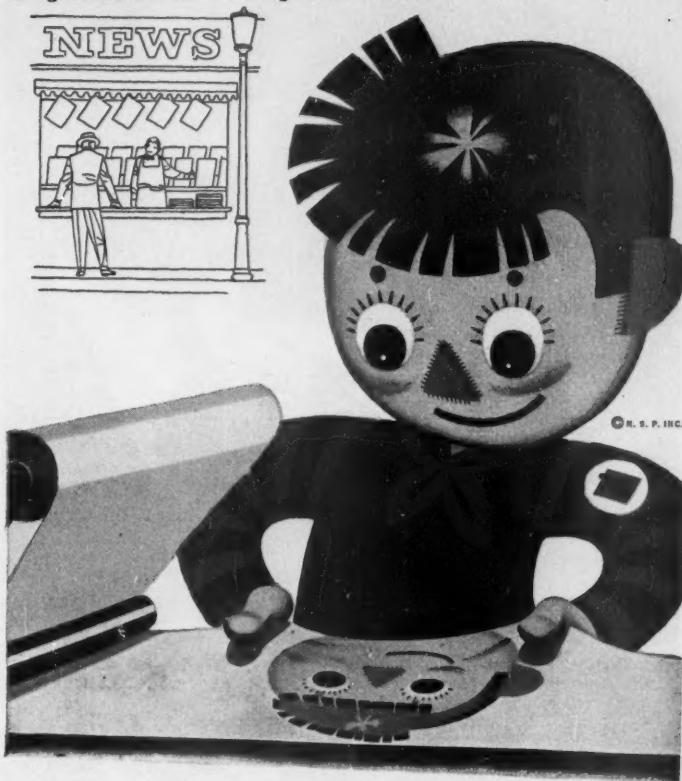
The yield takes into consideration, of course, the price paid for the bond—whether a premium above par value or a discount from par.

If you know the market price, the par value, the coupon rate of interest, and the maturity date, you can use a complicated formula to calculate the yield of any bond to its maturity. And you can do it at any point in the bond's life.

Since financial people need such figures all the time, yields to maturity are available in precalculated charts. All the banker or investor has to do is look them up.

That's what Moody's does every day to calculate its average. It starts with the market price of the 30 Baa bonds, for example; it looks up their yields in the tables, then averages them to make the daily index figure. If there has

• "you name it... I helped make it!"



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been no trading in a bond, Moody's takes a figure halfway between the bid and asked prices on the exchange.

• **What It Shows**—The result is a figure that tells how much an investor can earn on an average Baa bond if he buys it at today's prices and holds it to maturity.

At the same time, it indicates how much interest a businessman would have to pay on any bonds he issues—assuming his securities were rated as lower-medium grade.

What's more, since interest payments are fixed while market prices fluctuate, it shows how bond prices stand. That's an inverse figure. Bond yield goes down as bond price goes up (it costs you more to buy the bond, yet interest remains the same). As a result, if you take the chart of yields, turn it upside down, and put a dollar scale along the side, you get a picture of how average Baa bond prices have moved since 1919.

• **Footnote for Issuers**—It isn't safe to say that because the average yield is 3.55% on Baa's anyone who wanted to issue bonds of that class could do it for that borrowing cost.

One obvious reason is that it's an average rate. So some bonds in the class will probably yield a little more, some a little less. Besides, the index figure is for seasoned bonds that have reached their market level over a period of time. A new issue might have to offer a little higher yield, especially if the market demand for new issues was fairly well filled.

Allowing for these factors, the index gives you a fair idea of what it will cost you to borrow money to build, say, a new plant. And unless you have a big chunk of retained earnings to pay for the expansion of plant, chances are that's the way you'll get the money.

• **Bellwether**—Even though the Figure of the Week covers only Baa bonds, it gives a pretty good idea of yields on higher grades as well. If you plotted Aaa, Aa, A, and Baa yields on the same graph, you'd find that the lines roughly paralleled each other. Just before the war, the gap between Aa and Baa ranged approximately between 1.5% and 2.5%, with Aa and A in between.

Generally, however, the higher the grade, the less violent the swings. So when Baa yields drop a lot, Aaa yields drop somewhat less.

The reason is simple: The lower-grade bonds aren't so well secured and have to take the leavings after prior-lien bonds get their interest. Therefore, they are affected more by changes in the earnings of their companies. Consequently, yield movements of most lower-grade bonds tend to follow the stock market, rather than the bond market. Baa's generally follow higher-

grade bonds, however; only in cases of extreme movements of stocks are they influenced by the stock market.

### III. Short-Term Financing

If you only want money to carry you for a short time to finance some inventory buying or to provide working capital until your seasonal selling period, you don't issue bonds to get it.

Ordinarily, a businessman in that position goes to a bank and borrows on a short-term loan. But businesses are sometimes compelled to go to some other source or choose to do so. A company may want to keep open its line of credit with the bank for some special emergency. Many banks, too, like their customers to stay off their books for a month or two each year. Besides, the local bank may ask more than the going rate for borrowing.

• **Commercial Paper**—If a company has a very high credit standing, it can sell short-term paper instead of borrowing from its local bank. This is done through promissory notes that are marketed through banking houses specializing in this type of security. Terms of these notes may run anywhere from 30 days to six months.

Big finance companies get much of their funds through this paper, but the Figure of the Week includes only non-finance paper, the kind that is used mostly for inventory buying. **BUSINESS WEEK** gets the current weekly rate on this from the Federal Reserve Board.

This figure is the closest thing there is to a national average of short-term money rates for top-grade risks, since there's no complete running measure of short-term bank rates. The commercial paper rate right now is about the same as the bank rate, and rarely strays too far from it.

Commercial paper is not so widely used as it once was, but it is still a standard investment. It is one of the chief ways for banks and others with extra cash to put money to work for a short period. Now over \$200-million worth of nonfinance paper is outstanding, much of it in the hands of banks.

• **Tells and Doesn't Tell**—The two Figures of the Week on interest are probably as good a two-figure indicator of the national situation as you can get.

About the only thing you can't find in them, directly or indirectly, is why rates change. Obviously, government fiscal policy has a strong effect. When FRB unpegged bonds recently (page 96), it caused prices to fall—and yields to rise accordingly. But a more important point—why people save, and how much they are influenced by interest rates—has been bothering economists and psychologists for years.

You won't find that answer in Figures of the Week.



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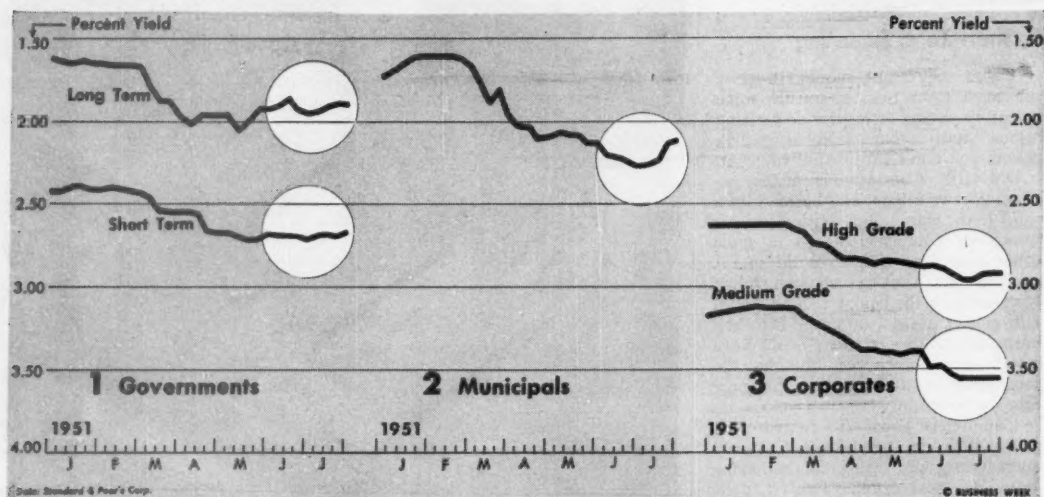
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# FINANCE



## Treasuries Lead Upswing in Bonds

The heat is off the government bond market. Prices have stopped their earlier trek to ever-lower levels. For the first time since the Federal Reserve Board pulled the pegs out from under the Treasuries (BW-Mar.24 '51, p120), they have started to creep upward.

You find the same higher-price, lower-yield trend in the municipal and corporate bond markets (charts, above). The buyers in those markets are no longer calling the tune as they did for so many weeks earlier in the year (BW-Jun.23 '51, p137). Lately sellers, too, have had something to say about prices.

Obviously, this has pushed down corporate borrowing costs—probably to a lower point than recent bond offerers had expected. But the costs are still high compared with late 1950. Prime names have recently been charged interest costs running between 3.4% and 3.5%; the cost would have been between 2.65% and 2.7% in the latter part of 1950.

### I. Treasuries the Cornerstone

It's normal procedure for the improved tone of most governments to be reflected in the other markets. The yields available in the Treasury market are the cornerstone of the national money-rate structure. Changes among the Treasuries are always immediately echoed in the nongovernment bond markets.

The recent firming in the government market has been due more than any-

thing else to the sharp drop in the number of recent offerings. Life insurance companies, savings banks, and similar lenders have stopped cashing in huge blocks of governments to meet industrial loan and mortgage commitments.

There's a reason for this, too. Thanks to the sharp earlier drop in prices, such bond sales involve heavy losses. As a result, the big lenders have been finding it cheaper to handle their needs via new deposit money or premium income. Both these "new money" sources have been increasing.

That's not to say that the selling factor has altogether disappeared. It's quite possible that more offerings are slated to hit the market, especially if the governments continue to show price improvement.

It's generally believed, though, that the worst of such selling is long since over, that the pressure is definitely off. There seems little doubt, either, but that the market as a whole, at least temporarily, has finally reached price levels entirely supportable by the supply-demand factor.

Since late June, in fact, buying orders have been strong enough to send the Treasury longer-term bank-restricted issues up around half a point, the longest-term bank eligibles up as much as 1½ points. Such gains haven't been the result of Federal Reserve support buying. The Fed's government portfolio showed no rise in net holdings from April 18 through July 25, in sharp con-

trast with the \$5.7-billion gain it revealed in the previous 11 months.

### II. Aid for Municipals

The turn in the government market couldn't have come at a better time for Wall Street's municipal bond houses. The earlier decline of the Treasury issues had hit the municipal market with a resounding smack. Standard & Poor's municipal yield index between mid-January and late June had scored one of its sharpest changes on record—a rise from 1.59% to 2.26%, the equivalent of almost a 15-point drop in the price of the issues. Many houses, caught with large inventories of bonds when the slump started, were reported to have taken quite a shellacking.

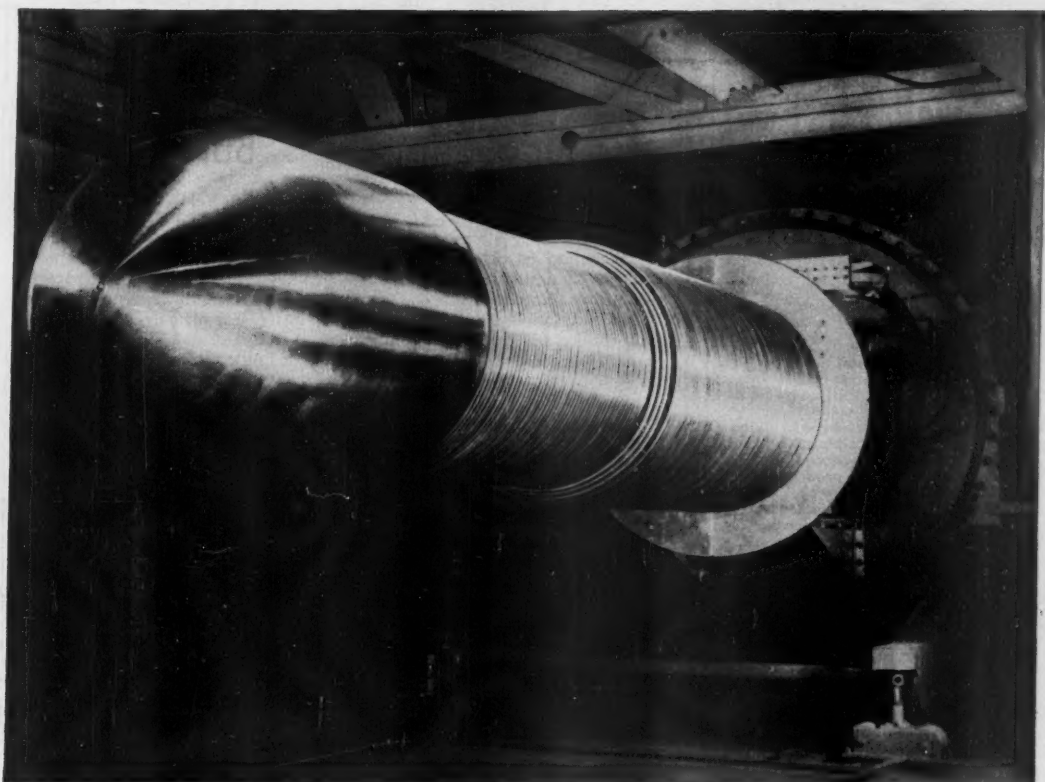
That wasn't all. The market was also facing the offering of \$171-million 1949 Public Housing Act bonds, first of their kind ever issued. Many a "Gloomy Gus" in the Street was afraid that this operation would flop and further depress the municipal market.

But it didn't. The issue proved a quick sell-out, thanks to the improved tone imparted by the uptrend in governments just before the offering reached the market. Prices in the municipal market have showed daily improvement ever since.

### III. Corporate New Issues

In corporate bonds, the biggest benefits to date have accrued in the new-





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defense program, our engineers may be able to offer helpful suggestions in the way of alternates.

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issues market. While there are no signs yet that the "Big Five" life insurance companies have returned as heavy buyers, all other types of institutional investors have been active lately.

So most offerings in recent weeks have proved "out the window" affairs.

Their success, moreover, has helped the profitable distribution of large remnants of numerous earlier "lemons."

## Working Capital Up, But . . .

Corporate working capital rocketed to another high in the first quarter of 1951.

According to Securities & Exchange Commission estimates, out last week, current assets on Mar. 31 of all U. S. corporations (excluding banks and insurance companies) exceeded current liabilities by \$77.8-billion. That's \$2-billion more than SEC's 1950 yearend estimate and \$1.9-billion more than that of Sept. 30, 1950, the previous high.

SEC's report, however, showed no corresponding rise in corporate liquidity. Instead, as indicated below, it showed a continuation of the trend toward less liquidity that first became noticeable a year ago. For example:

• Current assets covered current liabilities only twice. In

March, 1950, when working capital was \$6.3-billion less, the ratio was 2.24 times.

• Quick assets (cash, governments, and receivables) covered debt only 1.26 times against 1.43 times the year before.

• Cash and governments equaled only 60% of current debts compared with 73% in March, 1950.

One cause of this unfavorable trend has been the steady rise in "taxes payable." But much more important has been the zoom of inventories. These recently zoomed to \$10.8-billion, 26% higher than in March, 1950. It's not likely that liquidity will improve until business generally is able to turn its goods into cash and receivables at a much faster pace than has prevailed lately.

### Current Assets

(Billions of Dollars)

	Cash	Goe's Bonds	Receivables	Inventories	Other	Total
1949: Dec. 31.....	\$10.8	\$2.2	\$22.1	\$18.0	\$1.4	\$54.5
1946.....	22.8	15.3	30.7	37.6	1.7	108.1
1947.....	25.0	14.1	38.3	44.6	1.6	123.6
1948.....	24.9	14.3	40.8	49.3	1.6	130.8
1949.....	25.9	16.3	40.3	44.6	1.4	128.6
1950: Mar. 31.....	24.7	17.4	40.7	44.9	1.5	129.3
June 30.....	25.9	18.3	43.0	45.3	1.6	134.2
Sept. 30.....	26.9	19.5	47.8	46.9	1.8	143.0
Dec. 30.....	26.9	19.9	50.0	51.9	1.7	150.5
1951: Mar. 31.....	26.2	20.4	51.0	55.7	1.9	155.3

### Current Liabilities

(Billions of Dollars)

	Accounts and Notes Payable	Taxes Payable	Other	Total
1949: Dec. 31.....	\$21.9	\$1.2	\$6.9	\$30.0
1946.....	31.6	8.5	11.8	51.9
1947.....	37.6	10.7	13.2	61.5
1948.....	39.3	11.7	13.2	64.1
1949.....	35.6	9.8	13.1	58.5
1950: Mar. 31.....	34.7	9.8	13.3	57.8
June 30.....	36.2	10.3	13.8	60.4
Sept. 30.....	40.3	12.3	14.5	67.1
Dec. 31.....	44.6	15.5	14.6	74.7
1951: Mar. 31.....	45.7	16.5	15.3	77.5

### Net Working Capital

(Billions of Dollars)

1949: Dec. 31.....	\$24.5	1950: Mar. 31.....	\$71.5
1946.....	56.2	June 30.....	73.8
1947.....	62.1	Sept. 30.....	78.9
1948.....	66.7	Dec. 31.....	78.8
1949.....	70.1	1951: Mar. 31.....	77.6



## *The man with 10 thumbs*

"That's the third job I've botched today!"  
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Whether it is production efficiency in a plant or human efficiency in an office, Carrier equipment can meet your needs. Call the Carrier office listed in your Classified Telephone Directory. Or write Carrier Corporation, Syracuse, New York.

**DO YOU KNOW** why Carrier Air Conditioning is so necessary to industrial production in these famous factories?

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At Grumman Aircraft, increased worker efficiency helps build more planes.

At Elgin National Watch, tiny watch parts are guarded from corrosion.

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"Our experience has shown that KLIXON Inherent Overheat Motor Protectors practically eliminate service calls due to motor burnouts. We are completely sold on KLIXON Protectors."

The Klixon Protector illustrated is built into the motor by the motor manufacturer. It keeps motors in such equipment as refrigerators, oil burners, washing machines, etc., working by preventing the motors from burning out. Reduce service calls, minimize repairs and replacements, request equipment that has motors with Klixon Protectors.



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## Fanny May Has ...

... \$350-million to buy up mortgages on new homes in areas where defense housing is scarce. And terms are eased.

The Defense Housing Bill is only just getting started in Congress. But shortages won't wait for laws, so the government is trying to work on the situation with what tools it has available.

One method has been to allocate scarce materials to the areas where housing is short. Another has been to relax Regulation X to generate more credit for defense housing.

• **Cutting Down**—Now an entirely new approach is being tried, through the Federal National Mortgage Assn. (Fanny May). FNMA has cut down on its buying and selling of the ordinary kind of government-insured mortgages. Of the money thus saved, \$350-million has been earmarked for buying up new home mortgages in some 30 defense areas where the housing shortage is critical.

This should give quite a boost to emergency housing. For mortgage money has been pretty tight (BW—Jun. 2 '51, p114).

• **Underwriting**—Fanny May doesn't supply cash directly for homebuilding; that still has to come from private lenders like banks, building and loan associations, and insurance companies. What the agency does is underwrite home financing by providing private lenders with a market for their extra paper. FNMA buys from lenders mortgages insured by the Federal Housing Administration or the Veterans Administration.

Normally, mortgage holders have to wait two months before they can sell to Fanny May. The agency won't buy paper more than a year old—and only from the original lender. Its purpose, after all, is to spur building—not merely to bail lenders out.

In its present emergency program, Fanny May has eased these terms. The two-month waiting period has been waived on mortgages in defense areas. But government insurance or guarantees must be obtained before Sept. 1—though this deadline may be extended later.

• **Late 1930's**—Fanny May was set up in 1938 as a subsidiary of the Reconstruction Finance Corp.; it has since been shifted to the Housing & Home Finance Agency. The late 1930's were a period in which government-insured mortgages began to flood the money markets. To keep mortgage money flowing freely—and construction high—it was necessary to guarantee that lend-

ers could always dispose of their paper and get cash to put into new mortgages. FNMA provided the place where they could unload.

The terrific building activity that preceded Korea filled Fanny May's portfolio to bursting. To the mortgages insured by the FHA were added those guaranteed by the VA. By April, 1950, FNMA had committed all but \$400-million of the \$2,750-million Congress authorized it to borrow from the Treasury.

But as 1950 went on, it sold some mortgages, and its commitments to buy other mortgages expired. Its cash resources grew. By the end of March, 1951—the month the break in the bond market started—it had about \$14-billion available to buy mortgages. It still has about \$1.2-billion.

• **All Types**—It's from this amount that the \$350-million has been set aside for emergency facilities programmed by the government. All types of housing are eligible: single-family homes, apartments, garden-type developments—both private and rental.

## Battle of Otis

SEC backs up Kaiser-Frazer's \$3.1-million judgment against Cyrus Eaton's company. Legal firing is heavy.

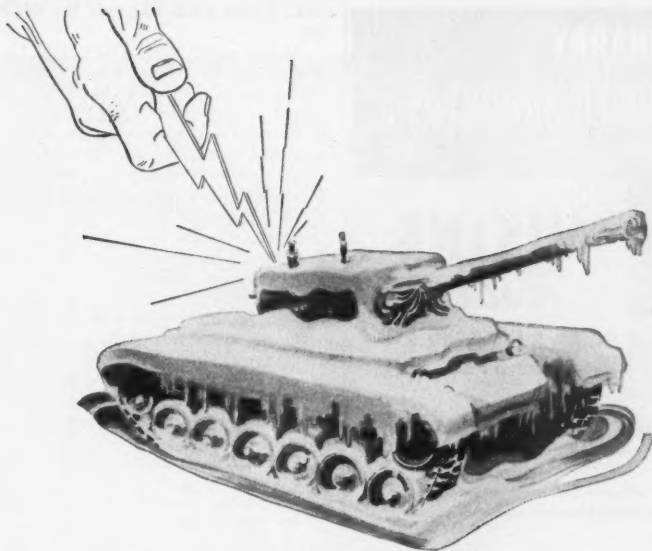
The legal battle between Kaiser-Frazer Corp. and Cyrus Eaton's Otis & Co. took a new turn this week. The Securities & Exchange Commission opened up some heavy artillery to support K-F.

Kaiser-Frazer had been trying to get an execution of the \$3.1-million verdict against Otis awarded it by a federal court (BW—Jul. 7 '51, p21). First it tried in New York State, where the judgment was made. Otis countered by closing its two offices there.

• **Delaware**—Then last week K-F asked federal courts in Cleveland and Chicago to execute the judgment, though Otis has appealed it. It also asked a Delaware court (Otis is a Delaware corporation) to appoint a receiver for Otis, stop it from transferring assets or giving preference to any creditor. K-F had heard rumors that Otis was returning securities loaned it by its principal stockholders, Eaton and president William R. Daley.

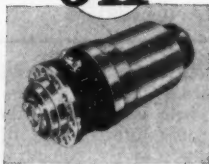
At this point, Otis decided to go ahead with a plan it had been considering for months—sale of the retail side of its business. That is, Otis would divest itself of its security-trading operations, remain only in the underwriting business. A group of Otis employees, backed by outside capital, asked the





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SEC if they could take over the retailing.

At the same time, Daley told the SEC that his company would stop doing a retail business if SEC thought this was improper. Otherwise, Otis would continue business as an accommodation to the buying group, until it could take over. Daley admitted that Otis didn't have enough assets to pay the K-F judgment.

• **Judgment**—SEC opened fire next day. Louis Loss, its associate general counsel, flew into Cleveland from Washington. Within two hours he got a court order directing Otis & Co. to (1) make all its records available to SEC investigators, and (2) tell its customers it would be insolvent if the judgment became final. The court also ordered Eaton and Daley to stop withdrawing assets from Otis.

SEC investigators will probably find that Otis & Co. hasn't much capital. It supposedly owes Eaton and Daley about \$1.8-million. In the past, these major stockholders have furnished Otis with capital by putting securities in their accounts and making them subject to other creditors' claims.

• **Wrecked**—Should the judgment stand up and Eaton and Daley refuse to put additional money in Otis & Co., K-F apparently hasn't much of a chance of collecting the full amount of the judgment. Otis & Co. would be wrecked, of course, but that wouldn't hurt Eaton and Daley too much.

Eaton is believed to have \$10-million to \$12-million outside Otis, Daley \$5-million to \$6-million.

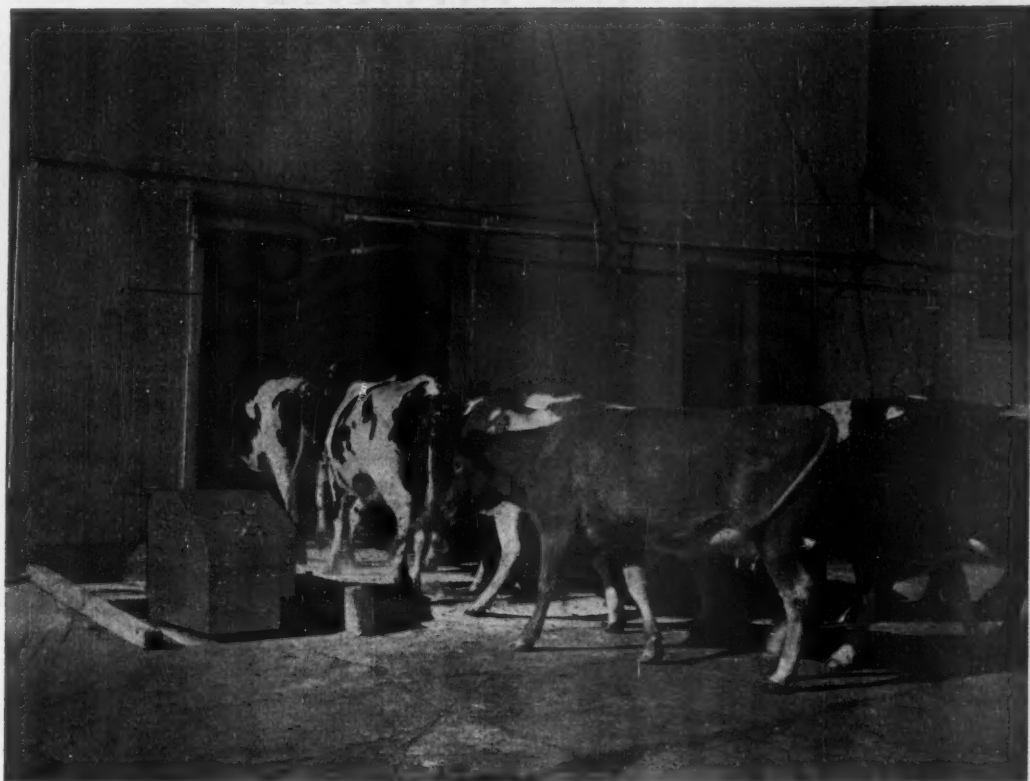
## FINANCE BRIEFS

Deposits in mutual savings banks increased \$372-million (1.9%) during the first half, according to the National Assn. of Mutual Savings Banks. That compares with a gain of \$458-million (2.3%) in the same period last year.

New York's insurance department turned down a request for higher auto physical damage rates from the National Automobile Underwriters Assn. The department and the association differ on how losses and expenses should be allocated.

Odd-lot brokers are now charging a commission of 25¢ a share, instead of 12¢, for stocks selling at \$40 or more. The old commission still holds for cheaper stocks.

Chicago Transit Authority didn't boost fares to 20¢, after all (BW-Jul.28'51, p136). Surface line fares will be 17¢, subway and elevated fares 18¢.



## What Next? Now They've Mechanized Barn Cleaning

These cows come home, after a hard day in the pasture, to a clean barn, thanks to the James Manufacturing Company of Fort Atkinson, Wisconsin, manufacturers of the Jamesway barn cleaner. Nowadays, a farmer uses push buttons instead of a shovel.

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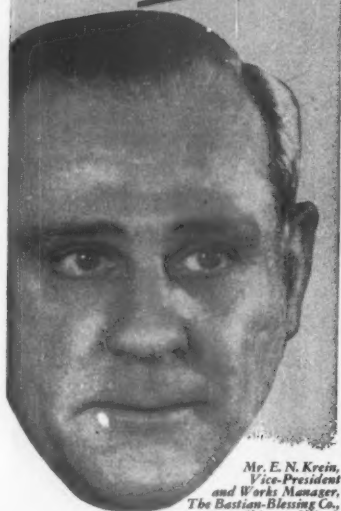
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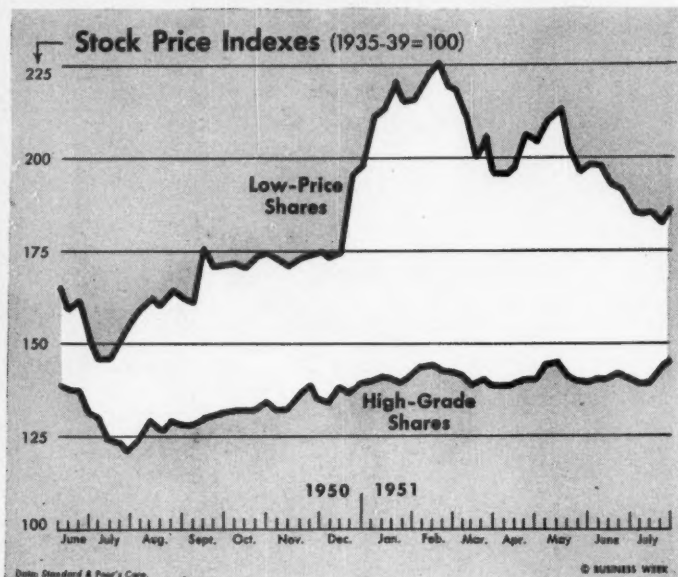
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## THE MARKETS



## Penny Shares Going Down

That means there's no roaring bull market in sight, despite the high level of Dow-Jones industrials. Most action in the market is in the investment-grade stocks, with the public staying out.

If the Dow-Jones industrial average is the only stock market indicator you watch, you might get the idea there's a real bull market on. For it is now only a short distance below the post-war high established last May. But if you look at the low-priced stocks (chart), you can see that it's a rather decorous party that is going on in Wall Street.

Nearly every week since the market topped off in May, Standard & Poor's index of low-priced stocks has dropped off. That doesn't make for a roaring bull market. When speculators start coming into the market, buying the penny stocks in hopes of selling them later to somebody else at higher prices, that's a pretty sure sign that stock prices in general are going to move upward—for a while.

This is what happened during the hectic bull market of last December and January. When the speculative thermometer rose, most stock prices climbed, only to drop sharply later on. The same thing happened in April and May.

• **Who's Buying**—Right now the buyers of penny stocks are conspicuous by

their absence in Wall Street. In contrast, it's the investment-grade stocks that are getting the play. In fact, Standard & Poor's index of high-grade shares reached a high last week surpassing even 1929.

A substantial part of the buying in the market these days comes from institutional investors, such as the investment trusts and the pension and trust funds. There hasn't been much buying by the general public, as you can tell by the volume of shares traded. It's been a rare day in the last few weeks when stock trading on the New York Stock Exchange has gotten anywhere near 2-million shares.

• **What They're Buying**—Buying has been heavily concentrated on chemical and oil shares. These industries have been doing very well so far in 1951. In spite of higher taxes, their first-half earnings were up sharply (BW—Jul. 28 '51, p. 110).

That's why there have been some pretty fast runups in growth stocks during the past month. Pfizer Chemical, which closed at \$38½ at the end of June, was around \$46 at midweek. American Cyanamid went from \$101½



to around \$124½ during the same period. Rohm & Haas jumped from \$130 to \$151½. Standard Oil (N. J.) climbed to \$68 from \$60½.

That gives you an idea of the type of buying that is going on. Although there has been some profit-taking this week, most buyers aren't interested in quick profits. They want stocks of growth companies that are able to maintain or increase earnings in spite of the excess profits tax. Stocks like that, they figure, are ideal hedges against inflation.

## GM Profits Shrink Faster and Faster

For General Motors Corp., 1951 is another year. There's little chance that it will come anywhere near its \$834-million net of 1950—the biggest profit ever racked up by an industrial organization.

Last week GM estimated its first-half earnings at \$281-million, 42% below January-June last year. And that despite a sales increase of \$275-million.

The company found two main causes for the shriveled profits:

- The lower profit margins on armament orders, which accounted for \$230-million of first-half sales.

- The absence of price increases to compensate for smaller passenger car sales, higher taxes, and higher costs.

- **Improvement?**—Of course, it's possible that the world's biggest manufacturing company will find the second half of the year more profitable. But most Wall Streeters are skeptical, and they advance some good reasons.

GM's earnings in recent months have fallen off even faster than they did earlier in the year (BW—May 19'51, p128). In the April-June quarter, earnings were down \$134-million to a drop of almost 50%. The first quarter had shown a slide of only \$71-million, or 33%.

- **Cuts in Output**—Wall Street's dim view may well be justified. For the unfavorable factors that caused profits to dwindle progressively are likely to be even stronger in the months to come.

Third-quarter auto production will be limited to about 65% of the average of the first two quarters of 1950. The fourth-quarter rate will be 60%. What's more, GM's share of low-profit armaments work is due to increase, and so are federal taxes. And there is no drastic slicing of material costs in sight.

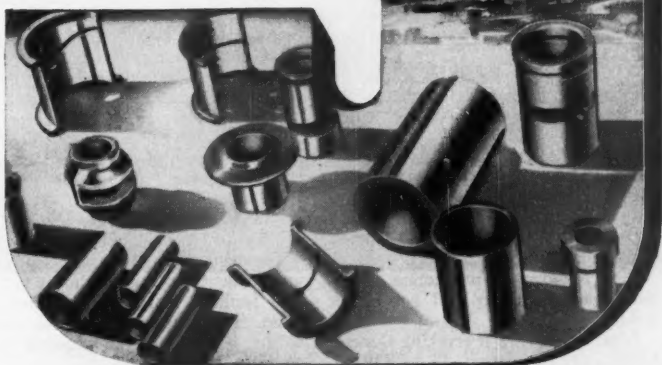
GM is well set financially, no matter what lies ahead in the profits line. At midyear it had some \$1.6-billion of working capital. There was also \$1.7-billion in cash and government bonds, more than enough liquid assets to cover all current liabilities.

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# DEFENSE BUSINESS

## Controls: Milder, Still Potent

Prices will be allowed to rise under new law, but Washington economists doubt cost of living will go up more than a point a month. DiSalle is revoking the June freeze on price regulations.

The new controls law is a milder version of the Defense Production Act of 1950. But it still packs plenty of authority.

- Controls over materials and production remain virtually unchanged.
- Rollbacks from present price levels are just about out.
- Consumer credit and rent controls are relaxed.

Congress wrote in a basketful of other restrictive amendments of its own—and ignored the big chunk of additional authority that Truman had asked for.

• **Price Controls**—The biggest change affects price controls. Under the so-called cost-plus amendment, manufacturers must continue to price according to OPS orders. But they can ask for—and get—relief that gives them a price equal to the highest price between January and June, 1950, plus all cost increases up to July 26, 1951. In effect, this adds roughly six months to the period in which cost increases can be tacked onto prices.

At midweek Michael DiSalle's Office of Price Stabilization still hadn't figured out just what this means, except that generally it will force DiSalle to peg ceiling prices higher than they would have been without the new provision. For example:

- Auto makers' applications for price relief will be granted; that might increase automobile prices by as much as 10%.

- Soft goods and consumer durable prices may be kept down for some time yet by slack consumer demand, rather than by controls.

- Farm products aren't much changed by the new law.

- Producers of production equipment and machinery will get higher ceilings.

Meanwhile, OPS is revoking General Overriding Regulation 13. GOR-13, put out June 30 just before the 30-day extension of the old law went into effect, told all manufacturers to continue under the general freeze of Jan. 25, unless they had already started to price under the various manufacturers' orders.

- **Appeals**—The new order says: Go ahead and start pricing under the manu-

facturers' orders. Then if you find you are eligible for an increase under the new act, you can file for the increase right away. OPS is setting up appeal machinery.

The deadline for filing under the new order will be Aug. 13. If your appropriate manufacturers' order already permits an increase, you still have to wait 15 days from the date of filing with OPS before putting the increase into effect.

For the next few months, Washington economists don't expect more than a point-a-month increase in the consumers' price index under the new law, unless there is a new rush of scarce buying.

- **Particular**—A lot of the amendments that Congress finally adopted are slight changes affecting particular industries or business situations. And some of the changes, actually, are things the controllers wanted. It will be a long time before the full impact of the new law can be gauged. Meanwhile, here's a rundown of the most important changes:

- **Slaughtering quotas.** These are forbidden now. The old law permitted the controllers to tell cattle slaughterers how many animals they could process each month. There's talk of special legislation to restore this power.

- **Inventory accumulation.** Under the old law, the controllers had blanket authority to limit the accumulation of inventories. The authority remains, but now it is subject to exceptions that may be made by the President.

- **Imports of fats and oils.** The new law in effect bans them for a year. The old law had no such regulation.

- **Condemnation.** The new law beefs up President Truman's authority to take over facilities that are needed for defense. The change is technical, eliminating a step in the required proceedings.

- **Government purchase of materials.** The President's authority to purchase and contract in advance for strategic materials for resale is continued. And the new law lengthens the period for which contracts can be made to 1962.

- **U.S. farm products** may now be bought for resale, but only for stockpile or industrial uses. The old law did not

permit any purchases of farm products at all for resale.

- **Subsidies.** The new law permits subsidies to marginal producers (except of farm products), to get additional output or to reimburse producers for excess cost of transportation. No subsidies were allowed at all under the old law.

- **Penalties.** Buyers may collect up to three times the amount of overcharge from violators of price ceilings. Formerly, there was a \$10,000 ceiling on damages.

- **Regulation W.** Credit restrictions are generally relaxed. On autos, the 33% required down payment is unchanged, but the time to pay the balance is extended from 15 months to 18 months. On household appliances, including radio and television, the new rules call for 15% down with 18 months to pay, instead of 26% with 15 months to pay. On furniture and floor coverings, the 15% down payment is unchanged, the time-to-pay limit extended from 15 months to 18 months. Trade-ins may now be counted as part of the required down payment; under the old law, trade-ins could be counted in the case of autos.

- **Home repairs.** The 10% limit on down payments that may be required for home alterations, repairs, or improvements remains the same. But the time to pay is extended from 30 months to 36 months.

- **Natural gas restrictions.** Federal restrictions on the sale and use of natural gas may not now be applied in any state where the state regulatory body certifies to the President that it is exercising its own authority to the extent necessary for mobilization purposes. The old law did not set this limit on federal power.

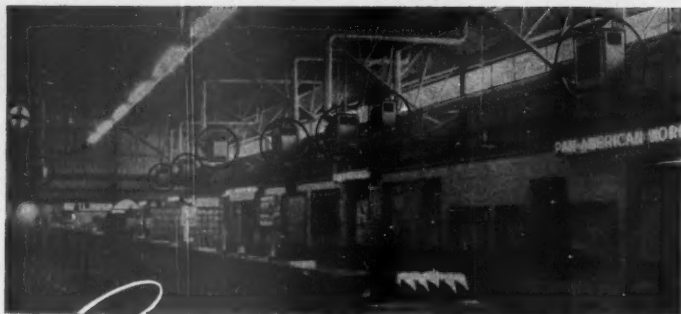
- **Small Defense Plants Administration.** The 1951 law sets up this entirely new agency, which cuts across the power of existing agencies. SDPA gets a \$50-million drawing account from the Treasury to help small companies seeking military contracts. SDPA can claim any military contract, parcel it out in subcontracts to such companies as it chooses. It will certify companies as being eligible bidders, eligible for loans. The agency has other broad powers to bring more defense orders to companies other than the largest.

- **Housing rent control.** Rent controls may now be established in any "critical defense housing area." When an area is so designated, housing construction credit in it must be relaxed. Ceilings on rents may be no lower than 120% of rent of June 30, 1947, plus allowances for improvements, etc. In general, the new law moves in the direction of reconrol of rents both federally and locally; the old law aimed at increasing local decontrol.



**Loyalty Test** is given every Bristol Brass alloy, to make sure it is faithful both to customers' specifications and to Bristol's frankly fussy ideas on quality. Here, in Bristol's modern laboratories, a platinum screen covered with electro-deposited copper is weighed to determine copper-content of a test piece. And here, *many* eyes watch constantly to see that all sheet, rod and wire going out of this mill is made truly "Bristol-Fashion." The Bristol Brass Corporation, since 1850 in Bristol, Conn. Offices or warehouses in Boston, Chicago, Cleveland, Dayton, Detroit, Los Angeles, Milwaukee, New York, Philadelphia, Pittsburgh, Providence, Rochester.

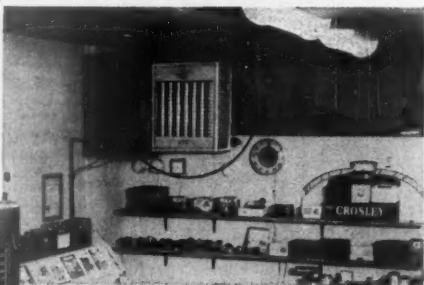
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Moisant International Airport, New Orleans. Air line passengers enjoy both air ventilating and heating from Janitrol Unit Heaters installed by American Heating and Plumbing Company.

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## DEFENSE BUSINESS BRIEFS

Consumer durable good makers told NPA that they haven't been getting enough nickel to alloy with the aluminum, copper, and steel allotted them under CMP. The industry also complained that its nickel allotments were coming only four or five weeks in advance of production—not far ahead for smooth scheduling.

The container industry is producing at a record rate, in spite of a shortage of tin and steel. In place of tin cans and steel drums, manufacturers are concentrating on output of containers made of glass, paper, plastics, and wood.

Automakers are better fitted to make components of machine tools rather than to manufacture the whole tool itself, the industry told NPA. Mobilization chief Wilson has called on auto builders to see what they could do to ease the tool shortage. GM's Fisher Body division, which built more than 50,000 tools during World War II, has been negotiating on machine tool contracts for some months.

Retired judges, law school professors, and practicing attorneys will be asked by NPA to sit as compliance commissioners to hear charges of violations of NPA orders. The system will be patterned on that used by WPB in World War II.

A special study of compliance with CMP regulations is under way. NPA investigators are checking over 1,000 companies, looking for evidence that authorized production schedules are being exceeded, that orders for materials exceed allotments, that inventories are excessive.

**The Pictures**—Cover by Harris & Ewing; Acme—21 (lower rt.), (t.); Amarillo Globe-News—56, 58; Architectural Photo Service—70 (t.); Lee Balterman—71 (bot.); Black Star—37; Cal-Pictures—68 (bot.); General Motors—79; Harris & Ewing—19; Hartsook—120 (bot.); Int. News—34; Bob Isar—88, 89, 90; Keystone—21 (t. rt., lower lt.); Matson Line—68 (t.); Ed Nano—50, 51; Toni Nicholas—120 (t.), 121; Official U.S. Air Photos—24; Sovfoto—118; Westinghouse Electric—25 (lower center); Wide World—19 (lower rt.), 21 (t. lt.), 25 (lower lt.); Jack Zehrt—25 (lower rt.).





*What doesn't belong in this picture?*

All but one of the objects in this picture have something in common. They were affected directly or indirectly by the kind of products Norton and Behr-Manning make. Can you find the stranger?

**The Shoe Repair Equipment?** No! Many operations in a shoe repair shop depend on Norton and Behr-Manning abrasive products. Behr-Manning coated abrasives, for instance, are used to shape and finish heels and soles.

**The Submarine?** No! Hundreds of its parts depend on Norton or Behr-Manning products. Its camshafts are just one of the many diesel motor parts precision ground by Norton grinding machines and abrasive wheels.

**The Greeting Card?** No! Norton or Behr-Manning abrasive products are vitally important in manufactur-

ing both paper and printing presses.

**Neither Is It** the flying wing, the eyeglasses, the washing machine, nor the dentist's equipment.

**The stranger in the picture** is the bird, which does not rely on man-made products. Remember, any man-made product . . . whether of metal, wood, paper, cloth, leather, ceramics, or plastics . . . depends on abrasives, abrasive products, refractories, or grinding machines that bear such well-known trade-marks as Norton and Behr-Manning . . . world's largest manufacturers of abrasives and abrasive products.

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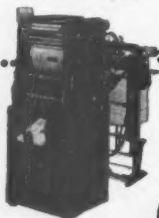
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## RFC Foils Tin Combine

Huge stockpiles and output of Texas City smelter put backbone into agency's drive on prices. Big Tin has already cut price by 87¢ per lb., and RFC may get even tougher.

For three months the Reconstruction Finance Corp. has been swinging a big stick to give the international combine of tin producers a price licking. It succeeded—to the tune of \$500-million.

Now the whacking has ended—for a time, at least—while RFC lets this lesson soak in: Until further notice, the U. S. government will fix the price of tin.

• **Surprise**—It's hard to tell which was more surprised at the way the price war turned out—RFC or the tin producers. RFC's cockiness is something new to the interlocked group of Bolivian, British, Dutch, Indonesian, and Belgian companies that have boosted the world tin trade. The combine's Singapore price had long been the world standard, no matter how loudly U. S. politicians screamed about cartels. But this time things were different. RFC already has driven the price down from \$1.93, Singapore, to \$1.06 a lb., and, plainly, it can dish out more trouble if the producers ask for it.

• **The Crackdown**—The challenge by RFC began when tin jumped from 73.4¢ to \$1.93 with the start of the Korean War. To stop this runaway, the U. S. put consumption under National Production Authority regulations and named RFC as sole buyer.

First, RFC announced it had stopped buying tin except under existing contracts. That knocked 50¢ off the price, but was only a beginning.

Early in May, RFC got its paddle out. It delivered seven smacking price cuts in five weeks. The method was simple. It merely announced a reduction in the price at which it would sell tin to U. S. industrial consumers.

It was what happened at Singapore, after each of these cuts, that wrote tin-pricing history. Here's the record:

	RFC Price (Cents per lb.)	Singapore Price
May 10 .....	139.0	140.5
June 1 .....	136.0	139.3
June 8 .....	129.0	130.7
June 13 .....	123.0	123.65
June 14 .....	118.0	118.65
June 15 .....	111.0	111.65
June 18 .....	106.0	106.0

• **Proof Conclusive**—RFC thinks that record proves it's the new boss of the tin trade. At least one important member of the producer combine agrees—the government of Indonesia. Its embassy formally complained to the State Dept. that RFC was dictating the world price. And Bolivia sees the light. A short time ago, its asking price for a new U. S. contract was about \$1.50;

now a tentative agreement at \$1.12 has been reached.

The U. S. has always been a tin-hungry nation. It needs almost half of the world's output, yet mines only a token amount. And it smelts only about a fifth of the world's pig tin.

The strength of RFC's position rests on stocks held in this country and on the output of the government-owned smelter at Texas City.

• **Stockpile Backing**—World output this year will be about 165,000 tons of primary tin. Consumers outside the U. S. will use some 80,000 tons, and we will use something close to 70,000 tons. But half of it will come from the Texas City smelter. And RFC says the rest of it can be supplied from stocks now in the U. S., if the producers refuse to sell at our price.

Nobody will say how big our stocks actually are, but RFC insists we can live off them for a "substantial" period without touching the strategic stockpile. This would mean we'd have to dip into whatever reserve of concentrates is at Texas City and into a reserve of metal RFC owns independent of the stockpile. Industry stocks wouldn't last long—they are held to a minimum by NPA rules.

• **Smelter Output Tips the Scales**—The Texas City smelter was built in World War I when the Japanese and the Germans threatened to wipe out all Allied smelter capacity. At the time, it had the blessing of the producer combine. It is operated now, for a fee, by a member of the combine.

Texas City could produce 90,000 tons of pig tin a year, if the producers would sell us enough high-grade concentrates. A deal for better concentrates is one of the things RFC hopes will come from the price spanking it has given the producers.

• **Behind the Contract**—It is to protect the supply of concentrates going into the Texas City smelter that RFC has made its preliminary agreement to renew a contract with a group of Bolivian producers. Bolivian ore is not too high-grade, and the agreement is not yet firm, but RFC's price would be equivalent to about \$1.08 for metal at Singapore.

In effect, that becomes RFC's posted price. What the producer's combine will do about it is still a question. They can either accept it and sell to RFC, or they can sweat over a possible surplus of 50,000 tons.

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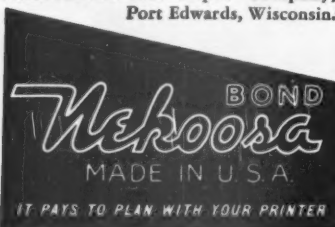
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## CHECKLIST: Defense Regulations

The following listing and condensed description cover all the materials and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

### Materials Orders

**Tin:** Amends and corrects the amendment to M-8, issued July 1, 1951. M-8 as amended (July 26).

**Lead:** Allocates the available supply of soft pig lead, produced by primary refiners, and establishes limitations on the required acceptance of rated orders for pig lead products and alloys. Also incorporates the restrictions on distribution of lead and lead products in M-38. M-76 (July 26).

**Communications:** Authorizes the communications industry (telephone, radio, telegraph, and cable) to receive priority assistance in obtaining materials for maintenance and expansion. M-77 (July 27).

**Atomic energy:** Extends Atomic Energy Commission's authority to include the right to allot controlled materials and to redelegate this right to other federal agencies that are engaged in AEC projects. Del. 2 as amended (July 27).

**Consumer durables:** Permits manufacturers whose second-quarter use of steel, copper, and aluminum items was based on adjusted base-period figures, to use these adjustments in computing permitted use of these materials during the third quarter. M-47A, Dir. 2 (July 27).

**Aluminum foil:** Broadens the aluminum foil order to include all types except insulation foil. Also establishes quarterly instead of monthly quotas. M-67 as amended (July 27).

**CMP:** A purchaser who did not receive the full amount of controlled materials originally ordered for second-quarter delivery need not deduct the undelivered amount from his third-quarter allotment. CMP Reg. 1, Dir. 5 (July 30).

**Cadmium:** Eases restrictions on use of cadmium to permit its increased use in a wide range of military and civilian products. Also amends the 30-day inventory restriction to permit accumulations exceeding this amount when nec-

essary because of minimum purchasable quantities. M-19 as amended (July 30).

### Pricing Orders

**Railroad cars:** Exempts from ceiling price regulations the charges on repairs to freight and passenger railroad cars, used in interchange service, made under rules of the Assn. of American Railroads. GOR 14, Amdt. 1 (effective July 25).

**Contract water carriers:** Permits contract water carriers engaged in coastwise transportation of bulk phosphate rock, sulfur, and soda ash, to increase their rates. GCPR, Suppl. Reg. 44 (effective July 30).

**Canned vegetables:** Establishes a method by which vegetable canners may figure ceiling prices allowing adjustments for changes in raw materials costs. This order affects only canned green peas at the present time, but additional canned and processed vegetables will be included later. CPR 55 (effective July 25).

**Retail beef:** Suspends until further notice the requirement that retail meat dealers post their beef ceiling prices. CPR 25, Amdt. 2 (effective July 25).

**Bottled water:** Exempts the sale of bottled water from price control. GOR 7, Amdt. 3 (effective July 25).

**Synthetic rubber:** Relaxes ceiling price restrictions on certain materials and services used in the manufacture of synthetic rubber by the Office of Rubber Reserve, Reconstruction Finance Corp. GOR 2, Amdt. 2 (effective July 31).

**Meat for flooded areas:** Permits modifications of the meat program to meet emergencies within the distress zones, to remain in effect for 30 days. GOR 16 (effective July 24).

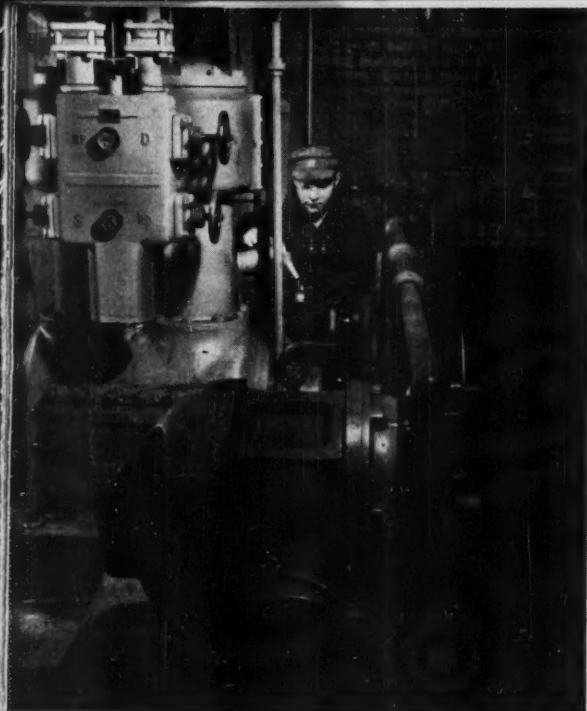
**Gasoline:** Sets dollar-and-cents ceilings on tank wagon and "rack" sales of automotive and marine gasoline in Los Angeles and vicinity and allows retailers in that area the option of a margin of 4½¢ per gal. on regular-grade gasoline above the delivered price to them. CPR 17, SR 1, CPR 13, SR 1 (effective Aug. 1).

**Restaurants:** Clarifies and simplifies the procedure for determining ceiling prices by restaurant operators who sell other commodities or services in addition to food and beverages. CPR 11, Amdt. 4 (effective Aug. 1).

**Ice:** Establishes a procedure for manufacturers and harvesters of ice to apply for adjustments in their ceiling prices in cases where existing ceilings are causing serious financial hardships. CPR 22, Amdt. 19; GCPR, SR 45 (effective Aug. 1).

**Copper:** Permits 3¢ increase in ceiling price of copper by refiners using imported raw materials. GCPR, SR 46 (effective July 24).



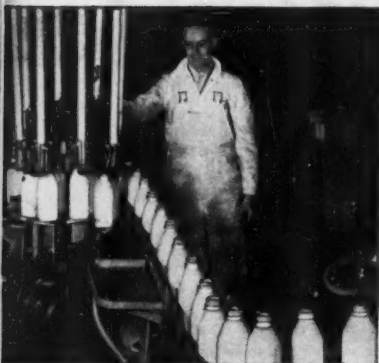


**FEW COMPRESSOR DIFFICULTIES** have been experienced since Suniso cleared the lines and valves of sticky sludge. Maintenance costs have greatly decreased. Suniso completely cleaned out the system in about 18 months, without the need for a shutdown.

## PLANT EFFICIENCY GREATLY INCREASED BY SUN LUBRICANTS

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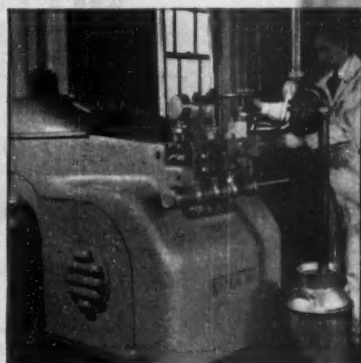
Because of these results and further engineering service, the company has gradually switched to Sun products for all its machines. This has reduced inventories 33 percent, upped production all along the line, and cut maintenance costs. For example, 50 percent has been saved on repairs by using Solnus Oil for the plant's more than 200 electric motors—ranging from ½ hp to 100 hp and from 600 rpm to 3,400 rpm. For a free copy of the illustrated booklet "Suniso Refrigeration Oils," write to Department BW-8.



**FEWER REPAIRS ARE NEEDED** on the bottle cappers because of Sunvis. The former oil gummed, causing the slides and guides to fail and necessitating as many as six capper shutdowns a day. Now more than one a week is unusual.



**95 BOTTLES A MINUTE** can be processed continuously by the washer, thanks to Sun Adhesive Pressure Grease. Shutdowns due to open gear failures occurred frequently in the past because the lubricant formerly used would not adhere.

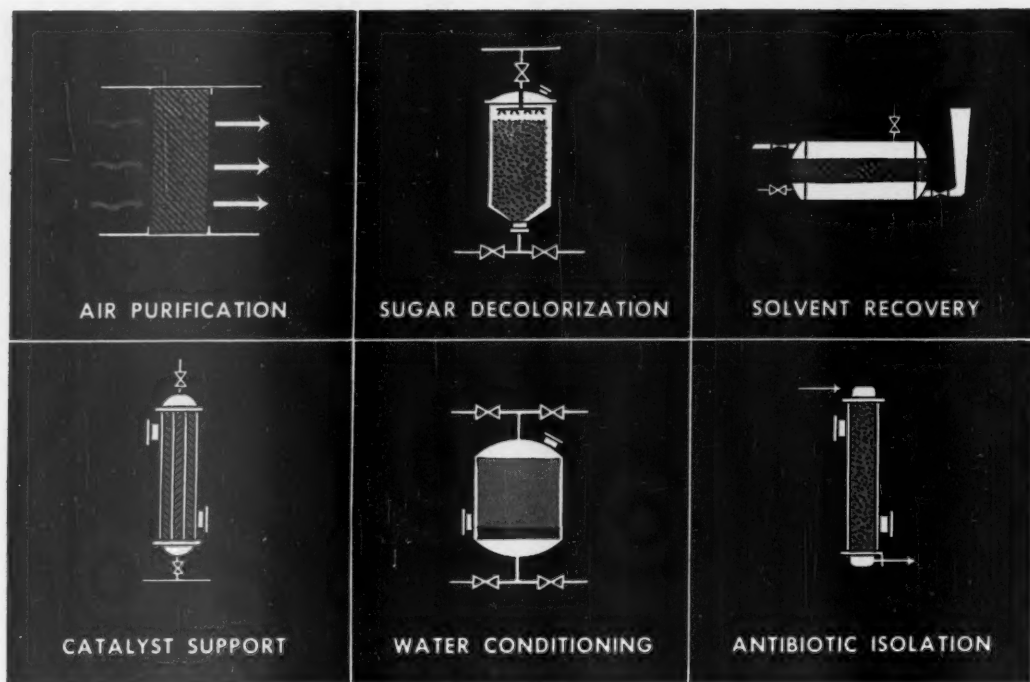


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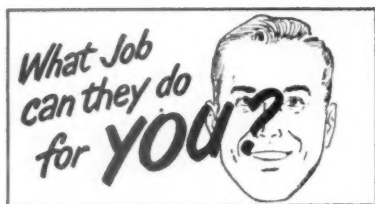
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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

AUGUST 4, 1951

A  
BUSINESS  
WEEK  
SERVICE

More and more scary talk is coming out of Washington these days about the chances of World War III soon.

You can take a lot of it with a grain of salt. It doesn't look as if the Soviets will trigger war this year. But you just never know for sure—and that gives a clue to Washington's spate of warnings.

Look at it from the point of view of a responsible government official, trying to plot the nation's course in foreign affairs. Here's what he sees:

- There's little fundamental change in the cold war. Despite high hopes for a cease-fire, Korea is still a tinderbox. So is Iran. Peace talk from Moscow is paralleled by continuing threats and attacks on the West.

- The Communist buildup goes on—in some areas at a feverish pace. North Korea, the Balkans, the Caucasus (facing Iran) are especially busy. U. S. airmen are increasingly concerned about Soviet air superiority.

- Even if war is avoided, we face a long period of armed truce. And eventually, it may not be possible to stop the U.S.S.R. without war.

On the home front, foreign affairs officials have a barrel of troubles, too.

Public opinion is becoming apathetic toward defense. Meantime, Congress shows a mounting distrust of the White House, double and triple examines all Administration proposals.

Right now the legislative docket is crammed with Administration requests—more billions for foreign military and economic aid and for our own defense spending. These may be cut deeply.

So lump it all together, and you get the reasons for the war talk: On the one hand, a very real danger abroad; on the other, the fear of a gumup at home.

There'll be a lot more haggling before the Iran oil dispute is settled. But it's practically certain Britain and Iran will come to terms (page 21).

One thing London will insist on before negotiations begin: an end to persecution of British oil personnel by the Iranians.

Britons now realize the alternatives to settlement are losing Iran to the Communists; taking a back seat to the U. S. in the Middle East, or both. A new Washington policy of direct U. S. participation in Middle East affairs is in the making (page 117). Only a rapid strengthening of Britain's position there could hold off this policy for long.

As for the Iranians, W. Averell Harriman convinced them they can't produce, refine, and market their oil without British help.

The probable form of the Iranian settlement is beginning to emerge, too.

London accepts nationalization; the Iranians will get title to the wells and refineries. Then they'll pay the British to produce and sell the oil.

The Anglo-Iranian Oil Co. in Iran will be set up as a subsidiary of the Iranian National Oil Co. Its activities there will be divorced from activities elsewhere. That way the Iranians can keep a close check on British profits from their oil.

British businessmen are nearly speechless over Chancellor Gaitskell's plan for a three-year freeze of dividend levels. It includes a rollback of recent increases, for good measure.

London's stock market had its biggest fall since the war. Scores of fi-

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**AUGUST 4, 1951**

nanancing plans were shelved. Some recent issuers of common stock even gave subscribers their money back.

The British business world regards the Gaitskell freeze as a declaration of war by the Socialists—after a long period of pretending that "coexistence" was possible.

Gaitskell's move is political—a sop to Labor Party rebel Aneurin Bevan and his followers.

In his budget message last April, Gaitskell tried to stand up to Bevan, told business that "profits have a vital function as an incentive." Since then, however, Bevan's "more socialism, less rearmament" battle cry has gained wider support.

So the Attlee camp has decided to meet the revolt halfway to keep the Labor Party united (BW-May12'51,p161).

You'll see the leftward swing of Labor in the October elections—which are highly probable, though not yet certain.

Party insiders say they may even come out on top in the new elections. They think the world scene may be more peaceful then, with Korea and Iran somehow settled. Prices will be dipping, the reasoning goes, and British housewives appeased with more and better food.

It's true, they say, that public opinion polls show little chance for a labor victory. But the motto is "Remember Truman in 1948."

Across the channel, there's hope that a French government may be settled in office next week.

Paris politicians are tiring of the long cabinet crisis—a record even for France. A new government might be able to hold the fort—at least for a few months. But serious party differences will crop up when France must tackle budget and inflation problems.

French Communists are getting primed for all-out war on the new Marshall Plan productivity campaign.

ECA's program, called the "production assistance drive," aims at direct cooperation with labor, employers, and individual companies—instead of working through the government as before. It will start off on hand-picked plants with progressive managers, non-Communist labor.

The Communist-controlled unions have taken up the challenge, charge that the drive is a Yankee plot to take over French factories, boost Wall Street profits, release workers for war. Success in the productivity campaign, with substantially higher wages for workers, could hand the Communists a terrific licking.

Last week's decision on a European army looked more spectacular in the headlines than it actually is.

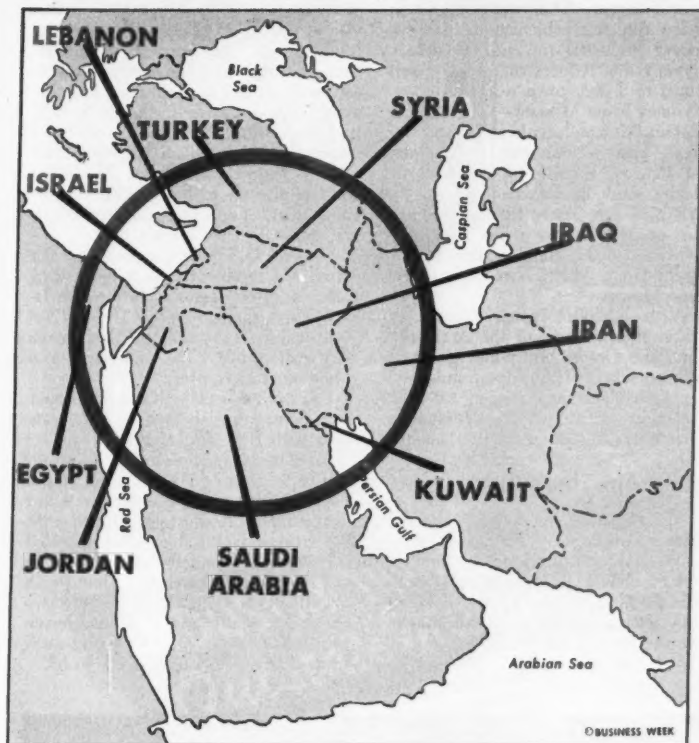
True, delegates from West Germany, France, Italy, Belgium, and Luxembourg agreed on a formula for a multinational force including Germans. But the formula was reached for one reason only—to get Germans into the West's defense setup. And then only after the strongest pressure from Gen. Eisenhower.

Chances are there'll be little or no German rearmament until the Allies give the Bonn government complete sovereignty. That means, among other things, scrapping the Allied High Commission for West Germany.

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# BUSINESS ABROAD



## New Target for the West

Riots and assassinations in the Middle East spur antiwestern feeling. It's up to the U.S. to counter with investment. But lack of business ethics and political unrest don't encourage it.

There's another front developing in the East-West conflict. The assassination two weeks ago of Jordan's King Abdullah and earlier of Iran's Gen. Razmara and Lebanon's Premier Riad es-Solh aren't simply the work of local gangs. And nationalist spirit alone didn't set off the Iranian oil dispute. Communism is there, egging on the troublemakers.

The Middle East is a dangerous place to have this kind of thing going on. If any part of the area goes Communist, or is even just neutralized, it would drive a wide wedge in the West's defense ring. Europe and Asia would be flanked. Sea lanes to the Far East would be cut off, oil supplies pinched, and billions of dollars of investment endangered.

• **Line of Defense**—What are we doing to stop it? W. Averell Harriman's mis-

sion to Iran is one thing. More important is the Administration's plan to spend nearly half a billion dollars on assistance in the Middle East.

In the long run, though, a lot is up to the U.S. businessman. His investment in plants, in communications, in farm tools, etc. in the Middle East are needed to dissipate the appeal of communism.

### I. No Place for Business

But of all the discouraging places to do business, the Middle East is close to the worst. A cloak-and-dagger political atmosphere is superimposed on a feudal economic setup. The foreign oil installations are 20th Century islands in primitive lands. The feudal land-tenure system keeps production low, workers poverty-stricken.

There's huge scope for both private and governmental investment to raise living standards—new communications, housing, utilities, sanitation, farming. Trouble is, the more western activities in the Middle East increase—including benevolent economic projects—the more intense becomes the Arab suspicion that there has to be a catch somewhere.

• **Two Passports**—Everywhere save Israel and Turkey private business finds a barren field for investment. And political conditions make it even less inviting.

The Arab blockade of Israel strait-jackets Middle East trade. A U.S. businessman who travels in the area finds he can't go direct from any Arab state to Israel. And if the Arabs find he's been in Israel, or is going there, they bar his entry.

Another principle of the Arab boycott: not to do business with any foreign company that establishes a branch plant in Israel and not in an Arab nation.

### II. Or Politics, Either

Even more discouraging to U.S. investment is the fact that, politically, the Middle East is going antiwestern fast. Abdullah's assassination lost the area one of its strongest anchors to the West. Iran's Razmara and Lebanon's Riad es-Solh, who also died under terrorist guns, were moderates, too. There are few left.

• **Abdullah's Assassin**—Abdullah stirred up violent opposition in the Arab world. His realistic search for peace with the hated Israeli, the superiority of his British-led Arab Legion, plus his friendship with Britain—all these constantly irritated other Arab leaders.

Abdullah's top rival was the former Grand Mufti of Jerusalem; in fact Abdullah's assassin was a member of one of the Mufti's gangs. The Mufti was thrown out of Arab Palestine when Jordan took it over after the Israel war. Now, based in Cairo, the Mufti runs the higher Arab committee that in turn dominates the Arab League.

The League's aims are simple—and dangerous:

• **Uncompromising hostility to Israel**, the return of all Arab refugees to their Palestine homeland.

• **Throw out all westerners from the Middle East.**

• **Isolate the area from the world conflict**, probably under Egyptian leadership.

• **Two Nationalisms**—The League is fired by two quite different strands of Arab nationalism; they combine to produce the extremist terror groups:

One is a straight, urban, antiforeign feeling, based especially in Egypt. It's a mass revulsion against the oppressive



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feudal classes, sheltered behind the foreigners.

The other belongs to the desert Arabs in the north, and in Saudi Arabia to some extent. They want an end to foreign influence—which means to them modern industrialism and a money economy that reduces the proud desert nomad to a poor town workman.

• **Money From Moscow**—Keen, Arabic-speaking Moscow agents and small, but tough, local Communist groups play this vague nationalism for all it's worth. There's some disagreement among experts as to how active the Communists have been in the past; but it's known that many of the troublemakers, including the Grand Mufti, have taken money from Moscow.

With Abdullah gone, there's real danger of a renewal of the Arab-Israel war. The Grand Mufti may go ahead with his scheme to set up an independent Arab Palestine bordering on Israel—at the expense of the Jordanians. That would surely set off the Israeli.

### III. Action—Three Ways

In spite of these political and economic handicaps, Washington foreign policy makers are optimistic about the West's chance of winning out in the Middle East. They think that basically the sympathies of Middle Eastern peoples lie with the West.

For that reason, U.S. planners aim

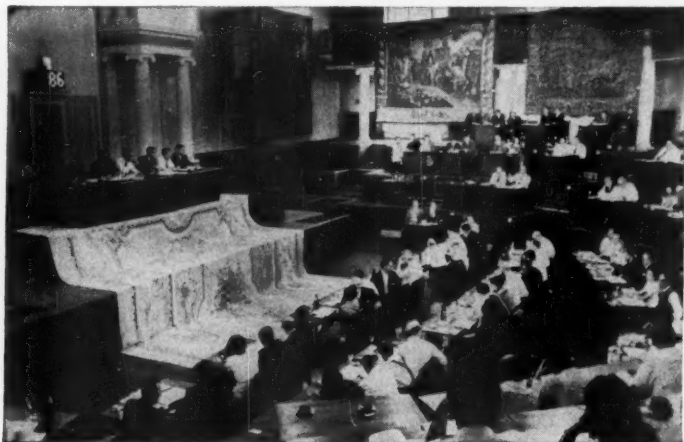
to play an increasingly direct role in Middle Eastern affairs. They are already starting to act—in three ways:

(1) For the first time, the U.S. has intervened in a British squabble in the Middle East. Harriman's mission to Iran has real significance as an indication that the U.S. no longer feels it can work in the area through London alone. From now on, the U.S. will push for a whole new network of three-cornered alliances—U.S., Britain, and various Middle East states. Washington will also try to bring Turkey in on these alliances and thus, indirectly, link the area with the Atlantic Pact.

(2) The U.S. will get tougher with Israel. Up to now, the U.S. has looked aside in a few instances when the Israeli have openly flouted United Nations' rulings. For example, the Israeli persisted, against U.N. protests, in violating neutral territory.

You can't expect Arab states to honor their agreements so long as Israel gets away with that kind of thing.

(3) The main line of U.S. action will be to increase economic aid to the area. But just pouring money in won't do the trick; it must be applied with the greatest tact and patience to avoid the stigma of imperialism. But there will be strings attached. Along with aid, the U.S. will require fairer distribution of wealth and a wider diversification of industry to get the area away from a dangerous dependence on oil.



### Red Skins Go on the Auction Block

One big chink in the Iron Curtain is the annual Leningrad fur auction, which got rolling last week. Buyers from all over the world—including the U.S.—are on hand to look over Russian mink, caracul, marten, ermine, muskrat, squirrel, other raw furs. Buyers bid on lots they have previously inspected in nearby warehouses.

In 1950 U.S. fur importers bought

\$21,060,989 worth of Russian furs. Trade sources think they'll be stocking up plenty this year: There's to be an embargo, probably by yearend, on certain Russian furs that compete with home-grown varieties. Another problem: Longshoremen have warned the fur trade they'll repeat last year's boycott on unloading big shipments of Russian furs (BW—Sep. 9 '50, p. 131).



## THE FURNITURE INDUSTRY PROVES IT!

WHEN someone mentions furniture you naturally think of Grand Rapids, Michigan.

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Skills handed on from generation to generation help keep Grand Rapids living room, dining room, bedroom and office furniture among the most beautiful made anywhere.

Muskegon is an outstanding producer of steel office and laboratory furniture and of store fixtures and show-cases. The furniture industry likewise thrives in other cities of Outstate Michigan. Among these are Adrian, Allegan, Alma, Bay City, Big Rapids, Cadillac, Charlotte, Cheboygan, East Tawas, Grand Ledge, Hastings, Ionia, Jackson, Kalamazoo, Ludington, Manistee, Owosso and St. Johns—all of them cities of diversified industry.

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**BUSINESS WEEK**

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PLUSH SHOWROOM of British Motor Car Co. has everything from Rolls Royce to midget MG sportscar. Low-pressure salestalks from British-born salesmen are the rule.

## Ex-Flyer Rides the Boom in



EX-PILOT Kjell Qvale is British motor-dom's fair-haired boy in the U.S.

U. S. sales of British motor cars have slacked off a bit in the past two months, after a sensational first half of the year. But they are still going strong.

Actual sales figures on the British cars are not available; but those on arrivals in this country are. For the first six months of 1951 the total was 11,488. That's almost twice the figure for the same period a year ago, four times 1949.

• **Soft Market**—The British cars are making this strong showing at a time when many U. S. auto makers are finding the market on the soft side. One big reason for this is the British emphasis on sports cars. Their snappy models are intriguing the sporty while more conventional U. S. cars are dawdling in the showrooms. There are even reports that some U. S. manufacturers are more than a little interested in the sports car angle.

One small businessman who is riding the British auto boom is Kjell Qvale of San Francisco (you pronounce him "Shell Cavalli"). With the opening of his second slick showroom, opposite





OPENING DAY lured 1,000 window shoppers, from 'hot-rod' fans to school teachers.

## British Cars

San Francisco's stock exchange, Qvale has become the fair-haired boy of the half-dozen or so British manufacturers he represents and a top figure in the U. S. imported car business.

• **Rapid Rise**—In 1947 Qvale was fresh out of Navy flying, with few assets besides discharge pay and a business course at the University of Washington. He opened a Willys Jeep agency, then spotted his first British car. It was love at first sight. Qvale dropped Willys and became a leading California sportscar driver and promoter overnight. In 1948 he sold 75 cars, 600 in 1949, 1,500 last year. A conservative guess for 1951 is 2,200 cars.

Qvale's British Motor Car Co., besides the two showrooms, has a warehouse, a separate parts and service department, a string of 24 privately owned dealerships in northern California. The Bank of America smiles benevolently on the operation, financing a half-million-dollar inventory, when back in 1948 hardly a bank would touch Qvale's foreign cars.

Qvale's top seller is the low-slung

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"MG" sportscar (picture, page 120). He thanks Life magazine for the boom; back in January of 1949 Life ran a feature on MG fans. Three days later Qvale's four-month stock of 24 cars was sold. The Nuffield Group, makers of the MG, thinks Qvale is "one of our finest dealers," attributes his success to Qvale's emphasis on parts and service facilities, often a bugaboo for foreign car buyers.

• **Coast Leads**—California is far-and-away the best market for British cars. An official of the Rootes Motor Co., which feeds four of its models to Qvale, puts it this way: "Foreign cars have always been more acceptable in California; there's a colorful crowd out there. And remember that British cars cost the same in New York and San Francisco—but a U.S. car costs \$100 more on the West Coast than on the East." This year Rootes expects to sell 55% of its cars in California alone.

Qvale thinks the future is bright—he sells all he can get his hands on and has just closed deals for bigger allocations from Britain. He's looking into other foreign makes, too.

But rearmament is sure to horn in. Britain's Minister of Supply warned a few weeks ago that it would be impossible even to maintain auto exports (last year—343,618 autos) save at the expense of the home market. And already 80% of Britain's cars go abroad.

## Courtaulds Reenters U.S. Rayon Field

Courtaulds, Ltd., of London, world pioneer in rayon, is going to start producing again in the U.S. with a new \$11-million plant near Huntsville, Ala. Production of 50-million lb. a year of viscose rayon staple is scheduled to start in 1953. Courtaulds is setting up an American subsidiary, Courtaulds, Inc., to operate the new plant.

• **War Casualty**—From 1922 to 1941, Courtaulds dominated U.S. rayon production. It founded American Viscose Corp. and owned 91% of its stock. But in 1941 Great Britain desperately needed U.S. dollars to finance the war. Courtaulds turned over to the British Treasury all but 5% of its American Viscose holdings.

The British Treasury realized about \$56-million from sale here of the stock under distress conditions. A court of arbitration later awarded Courtaulds \$109-million as its compensation.

• **Financing**—Company spokesmen refused to say how the return to the U.S. scene is being financed—whether by the freeing of Courtaulds' dollar credits from the 1941 sale or by Courtaulds' sale of its remaining holdings in American Viscose.

## BUSINESS ABROAD BRIEFS

Coca-Cola's bottler in Lima, Peru, has a new marketing gimmick for the soft-drink business: In addition to his regular fleet, he has two delivery wagons equipped with two-way radios. Just call the plant, and a case of Coke will be at the door in 10 min. But some neighborhood grocery stores are sore, afraid the system costs them business.

**Plans on paper:** A \$3.5-million paper mill—first in the Middle East—will go up in Israel, sponsored by the Palestine Economic Corp. and Hudson Pulp & Paper Co. Merritt-Chapman & Scott Overseas, Inc., will design the plant for a yearly capacity of 12,000 tons of printing, writing, and kraft papers. . . . Carton de Colombia, S.A. of Cali, partially owned by Container Corp. of America, is building a new factory to produce 15,000 tons of kraft paper a month. . . . In Peru the government's Corporacion Peruana del Amazonas and the Cellulose Development Corp. think they can make pulp out of a wild jungle tree and rice straw. They've asked the Ministry of Finance for \$350,000 for a pilot plant (BW—May12'51,p164).

**Berkshire Knitting Mills**, Reading, Pa., has bought controlling interest in a nylon stocking factory at Newtownards, Northern Ireland. Berkshire plans to re-equip the factory first, then get about expanding production.

**Reports from Bombay** indicate that India is the world's biggest buyer of gold—most of it smuggled. The Far Eastern Economic Review says that over 3,000 oz. daily are flowing into the Bombay market alone, fetching \$58 an oz. Most of the yellow stuff is coming from South Africa and Latin America, via the French and Portuguese colonies of Pondicherry and Goa.

**A long haul:** Experiments in air-freighting orchids from Australia to London have apparently paid off. The British government has just allocated a fat import quota to the blooms.

**Bibles, books, newspapers, magazines, music, movies, and catalogs** can be exported to Communist China again, says the Commerce Dept. It's the first break in the total U. S. embargo on trade with the Reds; hopes are that it will give our side a new propaganda boost.

**A branch in Europe** is planned by the Battelle Memorial Institute, Columbus, Ohio, one of the world's largest independent industrial research laboratories. It's hoped the new service will be in operation next year.

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Agency—N. W. Ayer & Son, Inc.		Agency—G. M. Bradford Co.	
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Agency—Meek & Thomas, Inc.		Agency—Iyer & Bowman Advertising Agency	
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Agency—Richard H. Brady Co., Inc.		PATHFINDER	57
CHEMICAL WEEK	91	Agency—The Aikin-Kratt Co.	
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Agency—Tim Morrow, Adv.		Agency—L. E. McGivern & Co., Inc.	
COLSON CORP.	46	PITTSBURGH COKE & CHEMICAL CO.	114
Agency—Carr Liggett Adv. Co.		Agency—Walker & Downing, General Agency	
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Agency—Christiansen Adv.		Agency—Mason, Inc.	
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Agency—Commonwealth Services, Inc.		LIBBEY-OWENS-FORD GLASS CO.	49
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CORRULUX CORPORATION	78	Agency—Simmonds & Simmonds, Inc.	
Agency—Brown Advertising Agency		RECORDAK CORPORATION	
CUTLER-HAMMER, INC.	28	(SUB. OF EASTMAN KODAK)	
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Agency—MacManus, John & Adams, Inc.		Agency—Erwin, Wasey & Co., Ltd.	
DOWELL, INC.	75	SCAIFE CO.	83
Agency—MacManus, John & Adams, Inc.		Agency—Walker & Downing, Industrial Div.	
C. A. DUKHAM CO.	104	SCOTT PAPER CO.	48
Agency—The Buchen Co.		Agency—J. Walter Thompson Co.	
E. I. du PONT de NEMOURS & CO.	7	SEALED POWER CORP.	43
Agency—Batten, Barton, Durstine & Osborn, Inc.		Agency—Roche, Williams & Cleary, Inc.	
EBERHARDT-DENVER CO.	103	STANDARD-KNAPP	86-87
Agency—Bill Rom Adv.		Agency—The Charles Bruner Co.	
THOMAS A. EDISON, INC.	89	STANDARD PLASTICS CO.	98
Agency—Gotham Advertising Co., Inc.		Agency—The Blaine Co., Adv.	
ELECTRIC STORAGE BATTERY CO.	14	THE STUDEBAKER CORP.	67
Agency—General Electric Co.		Agency—Roche, Williams & Cleary, Inc.	
ELWELL-PARKER ELECTRIC CO.	99	SUN OIL CO.	113
Agency—The Batless-Kerr Co.		Agency—Gray & Rogers	
ETHYL CORPORATION	83	SURFACE COMBUSTION CORP.	108
Agency—Batten, Barton, Durstine & Osborn, Inc.		Agency—Beeson-Faller-Heichert, Inc.	
EZE-STIK PRODUCTS CORP.	58	TINNERMAN PRODUCTS, INC.	64
Agency—Edward Hamberger Adv. Co.		Agency—Meldrum & Fessmuth, Inc.	
FEDERAL BUSINESS PRODUCTS, INC.	68	TOLEDO SCALE CO.	76
Agency—Morton Freund Adv. Agency, Inc.		Agency—Beeson-Faller-Heichert, Inc.	
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H. B. FULLER CO.	98	THE TREMCO MFG. CO.	71
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FULLER BRUSH CO.	37	TRION, INC.	35
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Agency—The Buchen Co.		Agency—Meldrum & Fessmuth, Inc.	
GENERAL ELECTRIC CO.	2nd Cover	TUBE REDUCING CORP.	72
Agency—Benton & Bowles, Inc.		Agency—Michel-Cather, Inc.	
GENERAL REFRACTORIES CO.	85	UNITED STATES RUBBER CO.	5
Agency—Levitt & Gilman, Inc.		Agency—Fletcher D. Richards, Inc.	
GLOBE AUTOMATIC SPRINKLER CO., INC.	58	UNITED STATES STEEL COMPANY	77
Agency—Marshall & Pratt Co.		(ALLOY)	
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GOODYEAR TIRE & RUBBER CO., INC.	62-63	Agency—Sutherland-Abbott, Adv.	
Agency—Kudner Agency, Inc.		VIKING PUMP COMPANY	102
THE E. F. HAUSERMAN CO.	38-39	Agency—Walter E. Battenfeld Company	
Agency—Meldrum & Fessmuth, Inc.		WAGNER ELECTRIC CORP.	45
INTERNATIONAL MINERALS & CHEMICALS CORP.	2	Agency—Arthur R. Moser, Inc.	
Agency—C. Franklin Brown, Inc.		WEBSTER ELECTRIC CO.	61
JACK & HEINTZ PRECISION INDUST., INC.	101	Agency—Hamilton Adv. Agency, Inc.	
Agency—Fuller & Smith & Ross, Inc.		WARREN WEBSTER & CO.	52
JOHNSON BRONZE CO.	195	Agency—William Jenkins, Adv.	
Agency—Wearstler Adv. Co.		WESTINGHOUSE ELECTRIC CORP.	8
KEASBEY & MATTISON CO.	31	Agency—Fuller & Smith & Ross, Inc.	
Agency—Geeze-Morton, Inc.		WHITING CORP.	84
THE LORD BALTIMORE HOTEL	120	Agency—Waldie & Briggs, Inc.	
Agency—Emery Advertising Corp.		WOMAN'S DAY	111
		Agency—Farris & Pratt, Adv.	
		WYANDOTTE CHEMICALS	41
		Agency—N. W. Ayer & Son, Inc.	

## The Use and Misuse of Economic Counsel

Between the covers of the President's Midyear Economic Report is the fullest, most pulled-together picture we have of the American economy under mobilization (BW—Jul.28'51,p15). Drawing on the supporting document of his Council of Economic Advisers, the President gives a fast, readable account of where we are and where we're going.

The defense effort is getting on—but, frankly, not on schedule. Spending is running at a \$35-billion annual clip now. By yearend it will climb to \$50-billion and in mid-1952 should be at its planned peak of \$65-billion. The defense cut out of total production will jump from its present 11% to about 20% a year hence. Production is well under way.

When the President talks about his other problem—inflation control—he is a good deal less persuasive. Much of what he preaches he does not practice.

He says, "There is no more important single measure for combatting inflation under present circumstances than the maintenance of a balanced budget."

His specific ideas bear only a loose relation to effective anti-inflation taxation. He is strong for normal and excess profits taxes on corporations, but not for income taxes where the bulk of the earnings is—in the hands of income receivers under \$10,000.

He says, "We must also continue to pare down less essential or postponable public spending."

He wants to spend \$4-billion more for nonmilitary purposes in fiscal year 1952 than in 1948.

He says we must prevent credit expansion "from adding to future inflationary pressures."

Up until last spring the President supported his Secretary of the Treasury in insisting that the Federal Reserve support the price of Government bonds in the market at par or better regardless of the lendable cash this pumped into the banking system.

He says, "Just as some upward adjustments of some prices will be needed, some rollbacks will be needed in selected cases, for example where prices or profits are excessively high."

This statement is a denial of Economic Stabilizer Eric Johnston's flat assertion weeks ago that the industry earnings standard would be used only to judge the justice of price increases and not as a guide for rollbacks. OPS says the President's advisers don't know what they're talking about on this point. If the President's statement is a mistake, he ought to clear it up at once.

He states as a first rule of wage stabilization: "It should seek to prevent an increase in total payrolls so large that, after making due allowances for taxes and voluntary saving, they would seriously inflate total demand."

Mirabile dictu! This almost unintelligible sentence describes a rubber yardstick. It provides no standard except the discretion of the Wage Stabilization Board.

An insight into this kind of thinking is found in a

statement from the supporting report of the council, "Maintenance of real wages during inflation cannot in fairness be disallowed." How can real wages, or real dividends, or real farm income be maintained over the next year or so when, as the President says, the slice of our production going to war will jump 11% to 20%?

The President's call for an expanded production base reflects the council's own great interest in this subject. The council's emphasis on the need for expanded plant and equipment in the economy is magnificently right. It doesn't fear an embarrassment of riches once the bigger plant starts producing. In that it would seem to be in step with business thinking sampled by BUSINESS WEEK (BW—Jul.28'51,p19).

It's a pity that CEA's espousal of a broadened production base is marred by its apparent belief that the job can be done only by more government guidance, control, and, perhaps, participation. For example, though plant and equipment outlays are running now at \$25-billion annually, the council supports the President in asking Congress for authority to have the government build industrial facilities.

All this recalls the so-called Spence bill, which proposed to give the Administration very wide powers to stabilize production and employment through government action. The bill was first introduced as an anti-inflation device, then revived as an anti-deflation measure sometime later. Now the defense emergency seems a happy time to press for some of this government activity in the field of production.

It is this recurring fever to manage the economy that weakens the influence of the council with Congress and the country.

## What's Left

"Income" used to be a good, solid word that a man could tie to. Then the Treasury got to work on it. Now the poor thing has shrunk to the size of an accountant's pencil mark.

That shrunken remnant, and not the attractive figure we agree to go to work for, has become "income." Samuel Mussman, exconvict accused of selling influence in Washington, put it even more simply. He told investigating Senators that he made out no income tax returns since 1929 because, after going to the races, "I don't think there was any income left."

Many an expert has tried harder and defined worse. Samuel Mussman's accounting methods may be casual, but few can doubt his grasp of fact. What comes in and goes out is merely raw material on which the Treasury clauses do their work. What is left, to be jingled in the pocket—that alone is important to the man who has it. We need a word for it that can't be taxed.





**BLAISE PASCAL**  
on might and right

It is right that what is just should be obeyed;  
it is necessary that what is strongest should be obeyed.  
Justice without might is helpless; might  
without justice is tyrannical. Justice without might  
is gainsaid, because there are always  
offenders; might without justice is condemned.  
We must then combine justice and might,  
and for this end make what is just strong,  
or what is strong just.

(Pensées, 1670)

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